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NEAR EAST/NORTH AFRICA REPORT

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INTER-ARAB AFFAIRS

CAIRO PLO REPRESENTATIVE INTERVIEWED

London AL-MAJALLAH in Arabic No 128, 24-30 Jul 82 p 27

[Interview with Sa'id Kamal, PLO Representative in Cairo by Sana' al-Sa'id; in Cairo: "Sa'id Kamal Tells AL-MAJALLAH, 'The PLO Asked Egypt To Freeze Relations with Israel; We Are Opposed to a Palestinian Homeland in Jordan' "]

[Text] I asked Sa'id Kamal, member of the Palestinian Council and PLO representative in Cairo [the following question]:

"What are the developments that have taken place in Palestinian-Egyptian communications and what have been the results of these communications?"

[Answer] Ever since the leadership of the organization in Beirut made the decision to make contact with the Egyptians, these contacts assumed an informational form. Cairo complied with that unconditionally, and Egypt has been playing its political and diplomatic role with all parties, especially the United States. As I understand it, Egypt's policy on the subject of Israel's invasion is based on the following principles:

1. Honoring Lebanon's sovereignty and strengthening that sovereignty on the state level.
2. The importance of protecting the leaders and cadres of the Palestinian Resistance without having that protection interfere with Lebanon's sovereignty.
3. Asking the Lebanese government to confirm the termination of Israel's invasion of Lebanon because that invasion is interfering with the peace policy that Egypt is pursuing. In fact, as I understand it, this invasion has created a major split in the nature of the peace that has been achieved between Egypt and Israel.
4. Egypt took action on these three principles on the Arab and international scenes. That action was carried out in the context of contacts and deliberations with the PLO and with some Lebanese parties, including the Phalangists, to emphasize this policy according to which Egypt was taking action without any reservations. Egypt also took action on the international scene with western Europe, especially France. The most notable action that Egypt took was with the United States. There, the Egyptian role changed from one in which Egypt was advising the United States against its erroneous policy to one in which it began applying pressure on the United States and giving it direction out of concern for the peace that is being hoped for in the Middle East area.

[Question] In your consultations with Egypt did Egypt apply any pressure on you to accept any proposal made by the United States, such as that of evacuating the Resistance from Beirut under the supervision of the U.S. Sixth Fleet?

[Answer] No, nothing like that happened because Cairo is not directly involved in the struggle, even though we did ask that Egyptian officials take action and travel to Lebanon to pursue an Egyptian role according to the principles that you mentioned previously. However, Egypt thought it should wait in this regard until it could see first the results of U.S. envoy Philip Habib's mission to Lebanon.

[Question] From your point of view, did Egypt succeed in becoming a pressure factor on the United States?

[Answer] There is no doubt that President Mubarak's letters to U.S. President Reagan thrust Egypt's role into the picture of U.S. political activities even though the letters did that with certain limitations. This is basically due to the fact that the U.S. plan is one that has supported and strengthened Israel's invasion plan. The U.S. plan did not take into account the fact that Palestinians would publicly open channels of communication with the Egyptian government. This caused confusion in U.S. policy. I expect that if Philip Habib's mission fails, Egypt will emerge with a role that would be more influential on U.S. policy. In my opinion this requires that an official announcement be made of common efforts between Egypt and some Arab countries. I believe that the organization will not oppose this direction under any conditions whatsoever.

The Organization Asked That Relations Be Broken

[Question] That was regarding Egyptian influence on the United States. The question here revolves around the following matter: did the directions you take toward conducting consultations with Egypt stem from Egypt's peaceful actions with Israel--which would eventually help open channels of communications between Egypt and Israel--through which Egypt can apply pressure on Israel to contain the situation in Lebanon?

[Answer] At the outset the organization requested that its representative, Zuhdi al-Qudrah, contact Egyptian officials to urge them to apply pressure on Israel by at least recalling the Egyptian ambassador. Egyptian officials were also to be asked to break or freeze relations with Israel. However, Egypt did not agree with this request because this would have given Israel an excuse it could use on the one hand to justify its invasion and as evidence that Egypt had violated the spirit and the letter of the Camp David Agreement. As soon as I joined these deliberations, I found out that Cairo's point of view was based on adhering to a peace policy. Accordingly, if Cairo refused the policy of breaking relations and returning to the climates of war, it must then pursue a role in the context of a peace policy with Israel and undertake action towards the United States in its capacity, on the one hand, as a full partner in the peace policy, and, [on the other hand], the superpower that adopts and embraces Israel. In fact, senior officials have become convinced that Israel is the tool of U.S. policy in the area.

[Question] Sharon's claim is being made again for establishing a homeland in Jordan for Palestinians. Sharon's statements and statements by other officials

affirm that the West Bank and the Gaza Strip will not under any circumstances become a homeland for Palestinians. Do you think that Israel's invasion of Lebanon was aimed basically at another Israeli plan whose aim was to annex the West Bank and the Gaza Strip?

[Answer] We will fight with Jordan to kill Sharon's plan. As far as the invasion is concerned, I see it as an expression of a U.S.-Israeli policy against the peace policy. I also see it as a blatant violation of the text of the preamble to the Camp David Agreement. If U.S. policy wants to use Israel as a tool for carrying out conditions of surrender on the Lebanese Front, Egypt would have to respond to the questions asked by Arab Egyptian public opinion: "Where is the U.S. peace policy that you are talking about?" To expose this blatant violation we made a public request through Egypt and Saudi Arabia that the United States recognize the PLO and the Palestinian people's right to determine their own destiny. If this recognition takes place, we would be starting on the road to achieve a just peace.

Again I say that Egypt has a major responsibility to investigate the intentions of the United States and to declare publicly what these intentions are. Otherwise, I firmly believe that the United States wants to return the Middle East area to a state of military and political indolence. And it is then that Israel will take the next step with the undeclared encouragement of the United States: it will annex the West Bank and the Gaza Strip and impose Begin's 26-point plan, dismissing Egypt's opinion and Israel's obligations toward implementing the peace.

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INTER-ARAB AFFAIRS

AL-DAJJANI DISCUSSES PLO'S FUTURE GOALS

London AL-MAJALLAH in Arabic No 130, 7-13 Aug 82 pp 20-22

[Interview with Ahmad Sidqi al-Dajjani; in Cairo: "An Exclusive Interview with a Palestinian Leader Who Played a Prominent Role in Contacts with Egypt; Ahmad Sidqi al-Dajjani Tells AL-MAJALLAH, 'The PLO will set out of Damascus to Strengthen Its Activities in the World; Egypt's Only Choice Is To Come to an Agreement with the Arabs To Resist Israel; The Organization Will Come Out of this Crisis Stronger and More Capable of Making Responsible Decisions' "]

[Text] Among the statements made by Dr Butrus Ghali, [Egypt's] minister of state for foreign affairs is [one about the fact] that the purpose of Egyptian policy is to turn the PLO's military defeat into a political victory that would pave the way for a dialogue between the Palestinians and Israel. In the aftermath of Israel's invasion of Lebanon, the PLO began a series of contacts between Palestinians and Egypt. These were successfully conducted in Cairo by Dr Ahmad Sidqi al-Dajjani, member of the PLO's Executive Committee, and Mr Sa'id Kamal, the PLO's representative in Cairo. AL-MAJALLAH met Dr al-Dajjani and conducted an interview with him about the contacts that were made between Palestinians and Egyptians. We also asked him about the U.S. role in the area, about the outcome of Israel's invasion of Lebanon, about the Arab role, the Soviet Union's role and many other questions. This is the interview.

[Question] A series of contacts has been made in the last few days between you and Egyptian officials. What were these contacts about, and what was their purpose?

[Answer] If by your question you are referring to recent announcements that were made about contacts between the PLO and Egypt, the Palestinian command charged a number of brothers here in Egypt to continue the contacts that were begun by Egypt in the aftermath of this barbaric Israeli war. The purpose of the contacts is to put all Arab energies to work to prevent Israel's invasion of West Beirut and to demand Israel's withdrawal from Lebanon. In other words, the contacts were carried out to place each party in front of its responsibility in the Arab homeland. It was in the context of this clear and specific course that action was taken on the Arab scene in Egypt on both the popular and official levels.

[Question] Do you actually believe that Egypt, on an official level, applied pressure on the United States? Did it succeed? Was the nature of your contacts with Egypt based on the fact that Egypt would serve as liaison between you and the United States?

[Answer] Actually, it never occurred to us that Egypt would serve as liaison. But what was evident to us from the beginning as far as Egypt and any other Arab country are concerned, was the necessity of utilizing all the options these countries had, in the context of their view of these options, for the achievement of those objectives that have been mentioned. Chief among these objectives were those of preventing the invasion of Beirut and realizing a major political victory from the battle of Beirut. What we are hoping for and what we are on our way to attain, God willing, is to require the withdrawal of Israel from Lebanon because this war not only represents a threat to the PLO and to Lebanon, but it is also a threat to the entire area because of the strategic threats it implies. Our premise as far as all the Arab countries are concerned was to let the Arab countries themselves determine their options and decide how they will utilize them. But it is impossible for anyone to evaluate what has been offered so far. This will happen later because the incidents are still going on. All that can be said is that our Arab countries under the conditions they are experiencing were not able to play a clear-cut role in the military area. This had its effects on the situation as a whole. Israel's air force, navy and land forces had a free reign in the area, and the silence of the Arabs was total.

[Question] Let us then leave the military aspect and talk about the political aspect.

[Answer] The circumstances of Arab Egypt are those that have been determined ever since Egypt pursued its political course which addresses a strategy for peace. Accordingly, Egypt found itself in a situation where its options were being determined. The question was how would Arab Egypt utilize these options.

[Question] To what extent has Egypt utilized these options and what was the outcome?

[Answer] I can say that the attempt which Egypt did actually make was made because Egypt sensed the threat of this Zionist invasion, which is not only confined to Palestine and Lebanon, but it is also a direct threat to Egypt.

[Question] I am speaking specifically about Egypt. Did Egypt succeed in exerting pressure on the United States, which is still continuing its encouragement to Israel?

[Answer] Actually, it would be premature to make a judgment because I am in my post and I'm still following the efforts that are being made; these efforts have not yet come to an end. But I affirm that something was done politically according to what Arab Egypt itself thought should be done, the clearly-defined early effects of this effort can be noticed.

Egypt's Ties with Israel

[Question] When you were making your contacts with Egypt, did you take into consideration the fact that Egypt has ties with Israel which were set by the peace treaty and that these ties would eventually enable Egypt to propose talks between it and Israel if there is a crisis in the area?

[Answer] We started our talks with Egypt with full knowledge of its circumstances and its political course. It is quite evident that this political course requires specific responsibilities which Egypt is pursuing. It also sets forth a certain style of conducting business. We asked for a broad course: we asked that Egypt assume its responsibilities on all levels. It is known that the matter of Egypt and Israel suffered a severe blow because what happened in Lebanon was a blatant violation of everything that is meant by the peaceful choice that is being discussed.

[Question] If we must assume a posture in this regard, who would be most concerned with this posture in the area?

[Answer] It may be that Arab Egypt is the party that would be concerned the most with this posture. This is due to a set of factors that we all know about. First, because of its location from this spot; because of the course it pursued and because of these events which ensued. Another reason I would like to emphasize is that our enemy, as Begin stated quite clearly, has been trying for a long time to achieve a strategic goal that he had set his eyes on: isolating Egypt. We may recall that when some people in Israel criticized Begin because of Israel's total withdrawal from Sinai, one of the justifications he used was that the withdrawal followed the course that Zionists have been pursuing ever since the birth of the Zionist movement: they have been trying to achieve the movement's principal objective of isolating Egypt from the Arab homeland so that Israel can act at will here and there.

The Role of the United States

[Question] This would urge us to use all the power we have to foil this objective. What are the means [that can be used] to achieve that?

[Answer] There are numerous and various tools for doing that. What happened in Lebanon and what happened in Arab Egypt, particularly among the people, may illustrate something in particular whose implications will emerge later. Accordingly, the question is being forcefully set forth toward how Israel's strategic objective can be scuttled. How can we turn a prescribed peace into a just and comprehensive peace that can only be realized through the Arabs' own power?

[Question] What about the United States' position here? The United States is right in the middle of the political events that are taking place in the Arab world and in the Middle East area.

[Answer] I would like to refer here to the fact that the United States is collaborating in a policy that is based on dealing with Arab countries bilaterally, one country at a time. The United States is pursuing this policy so it can get as much as it can out of these countries; it is doing that to ensure that in dealing with those countries, each separate country would have little clout. The only choice for Egypt is for all of us to agree on a way to resist this lack of restraint; we have to agree on a way to express our interests so we can have that clout that we would like to have.

Where to after Beirut?

[Question] Everyone is asking where will the PLO go if it gets out of Lebanon?

[Answer] The organization can be found wherever the people of Palestine can be found. The PLO has never been restricted to Beirut. But certain circumstances at a certain period of time did give Beirut special clout in highlighting the PLO which is a vital organization that has a permanent place. There is no point in saying that the organization has been for nothing. We can be found in our occupied homeland; we can be found on the West Bank and in the Gaza Strip; we can be found in Galilee and in Yafa; and we can be found everywhere where our people are.

[Question] But will Beirut continue to have that clout which it had for the organization?

[Answer] It is actually inescapable that the battle will have its effects. I am telling you the truth when I say that before the invasion we were always talking in our midst about Beirut's existing clout and how it can be developed. Over the past 2 years we were having a sense of the burden we were enduring as a command as a result of the inhuman war that was launched against Beirut by Israel and by the international colonialist power. We will write the story and the history of that battle, [and we will relate] how we stood with our brothers, the people of Lebanon, as one rank confronting this force and putting an end to the suffering.

[Question] What about another power base to which the organization can move?

[Answer] Not one base. Our experience with a principal center has gone through several stages. We began with the first Palestinian Council in Jerusalem as the organization's principal center. Then we had the 1967 setback, and Cairo became a temporary center. Then we moved to Amman, a temporary center, and then to Damascus, [also] a temporary center. Actually, Damascus is still the official temporary center because Beirut was never declared a temporary center for the PLO. Damascus is the official center from which we will launch [our efforts] to strengthen our activities in all our centers. We are declaring here that wherever our organization has an office in our Arab homeland, that office is our center. The leadership can move from one place to another with the principal center being the one with a certain prestige. It is worth noting that even in the previous period members of the Executive Committee could be found in more than one center. Sometimes they would meet in Damascus, sometimes in Beirut, a third time in a third place they would determine, and so on.

Syria's Position

[Question] What is the truth behind the Syrian position? Many people have said that at the beginning of the invasion, Syria did not take part in the fighting and it turned the Palestinians over to Israel.

[Answer] Again I say that such statements are being made either by forces that oppose us, or they are being made by some of us at times when we feel bitter. As far as we are concerned, we are saying quite clearly that Arab Syria had repeatedly declared that it would choose the time and the place of the battle. Syria said that it would never allow the time and the place of the battle to be imposed on it. Arab Syria has its own circumstances, and Syria is entitled to be heard in detail so we can find out what the particulars of those circumstances are. We have a right to speak quite clearly and to tell Syria what our circumstances are, and we have a right to explain these circumstances. Therefore, I am saying that all these statements that are being made, as far as principle is

concerned, are unacceptable to us. Our posture is that of brothers who stand in one position facing one enemy, and we do so with strength and determination. We are not saying that we lost this battle, but we will face our enemy in another battle in which our victory will be greater. We will sit together--Palestinians, Syrians and Arabs--as one, and we will carry out and continue the odyssey of struggle that will not end.

[Question] What about the Israeli invasion and its political effects on Israel, which is pursuing today the same plans and the same arrangements that the Nazis pursued in the past?

[Answer] We are watching those effects with growing interest, and we pause in front of signs of those effects. Among them are the huge demonstration that included 100,000 followers of the Peace Now Movement; the press conference that was held by a number of reserve officers and soldiers who had returned from Lebanon; and the testimony of some soldiers I saw on U.S. and European television while I was there during the first 2 weeks of the war. One of these people had said that one day of this war equalled an entire lifetime of suffering and inhuman pain. There was also Yuri Avneri's visit to Beirut and his meeting with 'Arafat. Avneri said that the Palestinian people had a right to determine their own destiny and to have an independent state. That visit had quite an impact in Israel, and Begin tried to press charges against Avneri. There was also what came out of Jewish communities, especially in France and Europe: a statement that was made by three senior Jewish figures, Mendes France, Nahum Goldman and Klutznick; and a demonstration in Paris in which a number of Jewish personalities took part. Many questions were asked of the Jews before they were asked of others around them in the West. These questions were: What will this horrible Fascism lead to? How far will all these crimes by Sharon go? There is a legend about Sharon's glory about which NEWSWEEK Magazine wrote a study a few weeks ago. NEWSWEEK reviewed in that study the source of Sharon's glory. It is that of a young man who grew up in an artificial society that espoused Fascism and racism. Sharon thought that glory lay in killing women, children and old men; in torturing civilians and using all the means of destruction [that can be used]. He began this record in Qabiyah, and he ended it in Beirut which will turn out to be his Waterloo, particularly since there were other matters before this one.

Dealing with Washington

[Question] All this reaction to the war is having an impact on the Israeli coalition. Can we compare this coalition before the war in Lebanon with the coalition after the war?

[Answer] Yes, we can compare the two in several respects. With respect to the reality of the organization's existence, the Israeli leaders of the Likud and Labor parties tried to deceive the Jews of the Israeli coalition and the Jews of the world by saying that the PLO could be eliminated. The Likud said that publicly, and Labor said that in its program: "We will deal with the organization with respect to security." That is, they will liquidate it. But suddenly the organization came out as a strong entity. It erupted like revolutions do. It turned out to be like the Hydra, the mythical creature in Greek mythology which grew seven [sic] heads each time one tried to cut off one. The revolution which I am comparing to a good tree is one that is stable, with branches reaching to the

sky to bring forth its fruit. The organization will come out of this much stronger through the resistance, the steadfastness and the great lessons it has given. By the way, the effects of that have begun appearing on the European scene. It was not a passing coincidence that a few days after the war France invited Brother Faruq Qadumi. I was with him when he accepted that invitation and went to meet with the French Prime Minister. Afterwards Qadumi went to the Elysees [Palace] where he met President Mitterand. This situation is taking place in Europe where discussions reaffirm that the organization is indispensable. Elsewhere, the reality of this Zionist ideology will become evident to Jews in the Israeli coalition and outside it. Jews will ask where is this ideology leading them and what is it adding to their heritage? It is adding to their heritage crimes which a sector of its individuals were not able to endure.

[Question] Is the Israeli invasion an indication of the fact that relations between the Arabs and Israel can only be settled by war? Or is this more reason to say that peace has to be the actual way for establishing a relationship between the two parties?

[Answer] Let us speak clearly so that we can avoid making statements that would be misunderstood in our contemporary world. Our objective is peace that is based on justice. But how can we achieve that peace? It became evident from this battle and from the course of events in the area over the past few years that the illusion of a peace imposed in the shadow of an imbalance of powers between us and Israel would lead to disasters and can under no circumstances be called peace. Peace would come through the power of the Arabs themselves: it is this power that can bring about justice and carry out established national rights; without it, peace cannot be achieved. It became clearly evident from this battle that it was no longer possible for anyone to think of an imposed peace. I am confident that the Arabs will reconsider [the situation] and rebuild their power on the basis of bringing about their own power which would demand that there be a just peace.

[Question] What is the organization calling for at the present time? Is it calling for an international conference that would discuss the question in its entirety and try to find solutions to it?

[Answer] The truth is that we've set forth clear choices, we've offered clear-cut political courses and we've shown unprecedented flexibility in a revolutionary movement. It is the revolution that has made the Palestinian leadership hold a special place in our world. I would like to indicate here that immediately before the war we accepted an official invitation to go to Hyderabad University in India where Abu 'Ammar was awarded the first honorary degree in law. Among the reasons mentioned for [awarding him] the degree was that "the revolution was a symbol of a liberation movement that was resisting with weapons," and that "'Arafat had become skillful in calling for peace and striving for it and that he had demonstrated in this a tremendous ability to reconcile the gun and the olive branch." We are asking that UN resolutions, which guarantee our rights in the context of the United Nations, which to us represents international law, be applied. But the principal stumbling block in the face of this demand is the policy of the United States. As Arabs and Europeans--in fact, the whole world--we must put all our energies to work and force the United States to change this policy.

[Question] Was the late President al-Sadat right then when he said that 99 percent of the options for the game in the area were in the hands of the United States?

[Answer] For a variety of factors the United States has given Israel a certain role in its strategy. It is very important for us to be aware of the statement which states that it is the Zionist lobby that is designing U.S. policy. Actually, there is a U.S. policy. There may be a group here or there doing something to shape decisions--to obstruct or influence them, etc.--but ultimately, a decision is made and Israel can only carry it out, as Begin said in the second cease fire in Beirut, according to instructions from the United States.

[Question] If the United States is adopting Israel's policy in our area, if it is confronting us in this manner and if it is still obstructing the road to a solution, how are we to deal with it to get it to change its policy?

[Answer] I am one of those people who believes that we cannot deal with the United States by becoming involved in the polarization [that exists] between the two superpowers. We have to build our own Arab power that would force the United States to reconsider its strategy.

Objectives of the Invasion

[Question] There are those who say that the aim of Israel's invasion of Lebanon is to establish a Maronite state that would be an extension of Israel and of U.S. influence in the area. Are you that pessimistic?

[Answer] What you are referring to are discussions about expectations. If statements are made that [such things] will be carried out, then that would have a pessimistic meaning. We as a revolution and a philosophy say that most certainly Israel has its plans in the area. These are the plans of a strange being that knows it is a temporary colonialist, colonizing movement, as the Israelis' senior historian, Talmon said in his well-established study, "Self-Appraisal," which he wrote after the 1973 war. He also said that in the will he wrote and included in an open letter to Begin before his own death last year. He indicated that [the Zionists] were a colonialist movement of colonizers who had come at a time when such colonialism was receding in our world and that this was their problem. Hence, their plans are grim ones which try to bring about matters in the area to justify their contrived existence. I recall in this regard what Aba Eban said about the attempt to propose this idea that you are talking about. The idea then exists, and the aim of Israeli plans is to "Balkanize" the area. We can reveal documents in this regard.

[Question] How can we deal with this plan?

[Answer] It is this matter that concerns us. We reject this "Balkanization." We believe that the Maronite brothers are part of the nation of Lebanon and of our Arab nation. It has never occurred to me personally that anyone would deny the truth about this brotherhood. Also our other sects illustrate the variety of our heritage and the wealth of our nation. This is a heritage that has been ruled by unity: this is one nation with this fine diversity and with a prevailing spirit of tolerance. An attempt to make up an existence for this or the other group in

our Arab homeland to establish political entities is doomed to fail. The biggest evidence for that is in Lebanon. Despite all attempts the slogan that has remained prevalent among all is that of preserving Lebanon's unity, independence and sovereignty over all its territories.

Moscow's Position

[Question] Are you satisfied with the position the Soviet Union has assumed?

[Answer] The friendship between us and the Soviet Union was manifested in several positions that the Soviet Union assumed. However, some of us are well aware of the limits of this relationship. We do not exaggerate this relationship, nor do we hang hopes on it that are more like wishful thinking. Perhaps it is those who had such expectations that are extremely bitter. But we in the Palestinian command knew quite well what the conduct of the Soviet Union would be in these crises. The Soviet Union is a superpower that is committed to a certain global strategy which includes several questions some of which are interrelated. This superpower is coexisting with the other superpower in the shadow of a nuclear balance that we know about. This does not at all mean that after this battle we, the proponents of the first school ought not to evaluate very carefully how much the Soviets gave us during the war and how much more they could have given us. During this period, however, what concerns us is that we maintain our contacts with the Soviet Union so we can utilize its energies in this area.

[Question] Won't the events of Beirut reflect a Palestinian resentment that will prompt the Palestinians to become vengeful?

[Answer] The organization is an integrated entity from its foundation to its top. Its leaders make responsible decisions after making a full study of all concomitant circumstances through the organization's institutions. After this battle which it has been through, the organization will be stronger and more capable of making responsible decisions that will move us forward on the road of liberating our homeland. [Our actions will not be mere emotional outbursts here and there. Any other view would be political rhetoric so designated under western political thought whose arguments here and there we suffer from. Western political thought always makes mistakes in its arguments. In fact, Zionism has made it a custom of western political thinking to present such mistakes which dwindle into slander. The organization will come out of [this ordeal] stronger: it will struggle and figure out its true self and the reality of those around it with precision and responsibility so it can achieve its objective not move away from it.]

8592

CSO: 4404/631

ULEMA IN JOHANNESBURG ATTACK IRANIAN ISLAMIC REVOLUTION

Cape Town MUSLIM NEWS in English 3 Sep 82 pp 1, 4

[Text]

Johannesburg ulema have come out in open attack on young politically-oriented Muslim students who are supporting Imam Khomeini and the Islamic Revolution in Iran.

Imams from mosques in Lenasia, Fordsburg and elsewhere have utilised the mimbar in the past two weeks to intensify their condemnation of Islamic Iran, through the Shia issue, while appealing to South African Muslim youth not to support the Revolutionary government in Iran. Members of the Jamiatul Ulema of the Transvaal have been holding secret meetings, according to informed sources, to plan their anti-Iran strategy.

According to students and members of politicised youth bodies, Imams and Tablighi supporters began condemning the revolutionary government when they learnt that growing numbers of young Muslims were supporting Ayatollah Khomeini and his revolutionary Imams.

'At first the condemnation was mild,' said a law student at Wits University. 'Now these mullahs are going into a mouth-frothing frenzy to the degree of calling the Islamic Republic in Iran a non-Muslim one.'

He added, 'These bigoted mullahs, who have never taken the trouble to go to Iran to see first hand what is happening there, are capitalising on the Shia-Sunni differences.'

'They have come out with a pamphlet claiming that a Jew, Abdullah ibn Saba, was the founder

of Shiasm.

'We reject this distorted, biased and unproven claim,' the law student asserted. He said that Abdullah ibn Saba had started a minority sect which broke away from the main Shia body which traced its origins to Hazrat Ali, the blood cousin of the Holy Prophet.

A Muslim student of Philosophy and Comparative Religion said, 'Hazrat Ali and his two sons, Imam Hassan and Hussain, started the holy line of the Twelve Imams, not a Jew.'

'The mullahs are trying to dishonestly connect two different aspects of history together to mislead people,' he said.

Radical students, some from the Black Students Society(BSS) who this month clashed with Zionist students at Wits University over the Palestine issue, slammed the Jamiatul Ulema and the Tablighi supporters as 'sterile puppets'.

They said, 'The mullahs here have failed to give political leadership to the Muslim youth so the latter have turned to Imam Khomeini for it.'

'The South African Jamiatul Ulema did not have the guts to hit out women and old men in Palestine and Lebanon;

- never condemned Saudi Arabia's immoral stranglehold over the Haram Sharif knowing full well that the Saudis gambled, fornicated and indulged in luxurious spending;

- never condemned Saudi Arabia's Rabitah agents in South Africa, knowing full well that the Saudis are supporting America, Israel and other imperialist powers.

at oppression, racism, zionism and imperialism the way the Shia leaders in Iran are doing.'

It appeared, they added, that the leaders here were blatantly ignorant of the political stance Islam takes against oppression. They pointed out that the South African mullahs and the tablighis:

- never condemned the oppressive laws here, especially the Group Areas Act which mass removed Muslims from Pageview and elsewhere;
- never hit out at racial education and the persecution of school children during the boycotts;
- never condemned zionism which had murdered innocent children,

CSO: 4400/7

ISLAM'S GROWING APPEAL IN AFRICA

London JAMAHIRIYAH REVIEW in English No 28, Sep 82 p 16

[Article by James McAllerton: "Africa's Islamic Tide"]

[Text] LIBYA'S SIGNIFICANCE as a focus for the aspirations of African and other Muslims was underlined in August by a special conference in Tripoli, hosted by the Jamahiriya's Islamic Call Society. The conference, attended by some 150 Islamic organisations and personalities from around the world, was convened to discuss challenges currently faced by Muslims, and how best to encourage the propagation of the faith and the maintenance of authentic Islamic cultures at a time when the western countries, headed by the United States, are pressing hard for the imposition of a bland, global consumer culture, dedicated only to material advancement.

Opening the conference on 14th August, Dr Muhammad Ahmad al Sharif, Secretary of the Islamic Call Society, noted with satisfaction the progress that had been made since the Society's establishment in 1970. Shortly after its inaugural conference, Dr Sharif recalled, the Revolution Command Council, set up in place of the monarchical regime, passed a law giving the Society special status as 'a body enhancing the public good', and placing at its discretion a special 'jihad' (missionary) fund to aid its activities both in Libya and abroad.

He also recalled that in an address to the Society's First Conference in 1970, revolutionary leader Muammer Qadhafi had underlined the key place of Islam in the Libyan Revolution, stressing the need to breathe new life into an Islamic faith that for many had ceased being a source of inspiration.

Cultural colonialism

The main thrust of Dr Sharif's message,

however, was the need to counter the cultural colonialism of the world's leading economic powers. 'Earlier stages of backwardness entailed domination by direct occupation,' he declared. 'Today, however, in response to the growth of Islamic sentiment in recent years, indirect, but equally damaging methods are being employed.' Dr Sharif cited disinformation campaigns in the international mass media as a particularly potent weapon in the hands of those intent on 'expunging the meaning of *jihad* in our societies, and changing our Islamic outlook'.

Dr Sharif's message is especially relevant for Africa, where Islam has a long history, and the number of Muslims is increasing rapidly. African peoples first came into contact with Islam through the trading activities of the Arabs along the eastern seaboard, and, in the north, across the Sahara desert.

Until the nineteenth century, however, Islam remained essentially the faith of the ruling elites. It was the intrusion of European colonial powers in the last century that prompted a rapid extension of the faith amongst the people at large, as Islam increasingly became identified as a key element in the battle against the European armies and culture. Christianity made comparatively little headway in Africa, since it was the religion of the invaders. As former French Minister of Overseas Development Robert Galley said: 'The force of Islam in black Africa is indeed considerable. It can be identified with the struggle against the white man, the wealth and foreign domination. Christianity appears more often as the religion of the former colonial power.'

Islam's success in Africa, however, was more than simply a reaction to imperialism. Islam is in many ways an unstructured religion, and as such is far more tolerant than Christianity, with its strict dogmas. It was much better suited to accommodate the plethora of local African cultures and religions.

Impressive strides

Islam has made impressive strides in black Africa, and notably in the northern regions bordering the Arab homeland. About 85 per cent of Senegal's population is Muslim, 60 per cent of Mali's, and almost half of Nigeria's. The speed of Islam's growth is underlined by the case of the Mossi tribesmen of Upper Volta. In 1955 only 150,000 of them were Muslims. By 1978 the figure had jumped to 1.5 million.

The Libyan Jamahiriya, through the Islamic Call Society, is playing an important role in fostering Islam in Africa. In conjunction with the United Arab Emirates, Libya has financed the construction of a number of well-equipped Islamic cultural centres in African capitals. The latest opened in Rwanda in June last year, another is under construction in the Gambian capital Bangui and tenders have been invited for another, in Lome, capital of Togo. In addition to a mosque, each centre has schools, libraries, lecture halls and medical dispensaries.

In May this year, the Libyan News Agency JANA announced that the Islamic Call Society was to step up its missionary and aid programme in Africa. The agency said that teams of doctors, engineers and students would be sent to a number of African countries.

Today, however, with the western powers, headed by the US, vigorously moving to secure their economic and cultural dominance of the Third World, and with Africa as a prime target, all the strengths of Islam will be put to the test. This was a consistent theme of the Islamic Call Conference in Tripoli, which in particular stressed the need for unity amongst Muslims. Dr Muhammad Kamal Hassan, of the Malaysian National University, for example, who addressed the conference on the topic of 'freedom', said that the dangers posed by neo-colonialism could be countered only if Muslims throughout the world adopted a concerted stand.

MONTAZERI: ISLAMIC RULERS READY TO RECOGNIZE ISRAEL

Tehran TEHRAN TIMES in English 20 Sep 82 p 1

[Text]

QOM - In regard to the savage massacre of the Lebanese and Palestinians by the mercenaries of the aggressor regime of Qods (Israel) in West Beirut, the prominent jurispudent, Ayatollah Montazeri, yesterday delivered a speech in which he addressed the scholars and theologians of Qom's Theological School.

"Instead of confronting Israel and resisting such crimes", Ayatollah Montazeri declared, "the so-called leaders of Islamic countries unfortunately attacked Moslem pilgrims from Iran who have committed no crime but chanting the slogans of 'Down with the U.S.' and 'Down with Israel'.

Ayatollah Montazeri strongly criticized the reactionary

Arab states which supply their oil resources to Israel and the U.S. which, in turn, drop different kinds of bombs on the heads of innocent Moslems.

Referring to the Fez Conference, he said that despite such crimes of Israel, the reactionary rulers of the Islamic countries gather, through the instigation of the U.S., to officially recognize this cancerous tumor (Israel).

In conclusion, Ayatollah Montazeri said that these events are most painful calamities for the world's Moslems who should resist Israel with their full strength and convey the oppressed nation's cries of protest to the whole world.

CSO: 4600/13

U.S. PRESIDENT'S PLAN ATTACKED AS 'REAGAN'S NEW GAME'

Tehran JOMHURI-YE ESLAMI in Persian 5 Sep 82 pp 1, 12

[Text] In the name of God the compassionate and the merciful

At a time when the wounds caused by the aggression and the presence of Zionist forces in Lebanon remain open on the body of this land and the endless suffering of the Muslims is increasing with the enforcement of the "Butcher of (Telza'tar)," the president of Lebanon, at precisely a time when there is little time before the "Fez" conference, and while the Palestinian fighters still have the taste in their mouths of the poisonous hemlock of "forced dispersion" in the Arab lands, Ronald Reagan, the actor of the cinema and the theater of the political arena in the Great Satan's scenario, played a new "role" which has uncovered him and more than ever before exposed him and his imperialist and Zionist partners.

Until the other day, Reagan had his filthy hands up to his elbows in the blood of thousands of innocent Lebanese and Palestinians and was for all practical purposes a partner in the crimes which were committed in Lebanon by the U.S. war implements and the soldiers of the occupying regime of Jerusalem. Once again, as an alternative to the criminal eight-article Fahd plan, he proposed a four-article plan for the so-called durable and, in his words, "just" peace in the Middle East, the least consequence of which would be the recognition of the occupying regime of Jerusalem by the Arab countries of the region. In the final analysis, it is no different from the Camp David plan or the infamous and rejected eight-article Fahd plan. For this reason, in our opinion, this new plan of the Great Satan can spread the seeds of disunity more than ever before in the disunited lines of the Arab regimes and once again employ the colonialist British policy of "disunite and govern" through this plan and other unsuccessful plans to catch fish in the muddied water and cover the occupying regime of Jerusalem in a halo of hollow and deceptive propaganda as "unrivaled."

It is unclear what right Reagan has to dictate to and determine the fate of the Muslims from across the oceans. Unabashedly praising the aggressions of the occupying regime of Jerusalem, once again he begins indirect threats and dictates his aggressive prescription. He renumerates the unacceptable imperialist and imposing articles of his plan and in the end, he deceptively says: ". . . The United States' guarantee of the security of Israel is strong and continuous but his proposal will face the absolutely certain opposition of the Begin government" [as published]. No one, except those reactionary Arab functionaries, would believe that the criminal United States, despite all of this open emphasis on its Satanic resolution for the security of the occupying regime of Jerusalem, would respect what he himself calls "the just rights of the Palestinians" and take steps to materialize them. If Reagan were telling the truth, why did all the killings, plunder, and destruction take place in Lebanon? Why did he force the Palestinians to disperse through wheelings and dealings with the reactionary regimes and other traitors? Why did the United States use its oppressive and inhumane "veto" power to trample the rights of the Palestinians and encourage the functionary Zionist regime? And there are hundreds of other questions.

If Reagan is not playing with world public opinion, and especially with the lives of millions of Palestinian refugees, why did he, at the end of his recent television speech in which he offered his infamous plan, openly give assurance of the "certainty" of the opposition of the terrorist government of Begin? Yes, he and his illegitimate Zionist children have no intention but to influence world public opinion. In fact, they do not put any value on world public opinion. They cruelly violate what they themselves call human rights, the 20th century peace-seeking human spirit, respect for the territorial integrity of others, justice, and dozens of other self-made international policies and laws and unabashedly begin dividing up the graves.

We know that these imperialist and Zionist plans, or any kind of effort by the leaders in the White House and the Pentagon, have no other objective but to transgress on this side of the ocean to the land and resources of others from a distance of several thousand km. The world-devouring United States, which is unwisely concerned with the revitalization of Western colonialism in a different guise, is trying to impose its will through terror, threats, and even bloodshed and is trying to suppress or surround any movement with the help of its functionary puppets.

But the realities which have now become more clear with the victory of the Islamic revolution in Iran and the establishment of the powerful regime of the Islamic Republic in this country prove the blindness and ignorance of the political calculators of the White House and other leaders of global oppression. It

proves in practice that nations have awakened as overwhelming waves and, under the protection of belief in God and the acceptance of the immortal philosophy of martyrdom, will never allow the black era of colonialism to return in a different form. The nations of the Middle East region know very well now that such imaginary plans are like writing on ice which is exposed to the bright rays of the sun and will turn into ineffectual steam.

The revolutionary Muslim people of Iran who, under the leadership of the imam of the nation, carry on their shoulders the banner of the grandeur and greatness of Islam will, bravely and with self-sacrifice, never allow the Great Satan and its functionaries to continue their crimes in this region in which there is an abundance of God's gifts. They will expose the conspiracies, neutralize the plots, and expand the lines of struggle against the Satans, both large and small.

While condemning such plans, we ask the Islamic nation to deal with the rapid events and occurrences in the region with absolute alertness and, more than this, not to allow a few functionaries to lightly and freely give away to the enemies of Islam in their absense and at no charge the security of the region and the territorial integrity and abundant resources of their countries.

9593

CSO: 4640/481

RULING PARTY ORGAN CLAIMS 'SOVIETS ARE AFRAID OF ISLAM'

Tehran JOMHURI-YE ESLAMI in Persian 4 Sep 82 p 10

[Text] The wrestling team of Iranian workers which was to leave for the Soviet Union on Wednesday to participate in the international games of the 'Aliov cup was unable to make the trip because of the Soviet embassy's refusal to issue visas.

This team, whose participation in these games was announced to the sports and political authorities of the Soviet Union, agreements having apparently been made for this trip, was, in the final moments, prevented from going for unexplained reasons by the embassy of the Soviet Union.

According to the sports correspondent of the ISLAMIC REPUBLIC [NEWS AGENCY], the Soviet authorities have thusfar made no official statement in this regard. It is said that the Soviet government refused to admit the Iranian wrestlers to these games for fear of the activities that this team might have been able to carry out as well as the enormous influence they might have had on the Makhachkala Muslims.

Following this ridiculous action by the Soviet embassy of not issuing visas to the wrestlers, Ahmad Tavakkoli, the minister of labor and social affairs, met with the wrestlers on Wednesday afternoon and told them that they would not be admitted.

He first said: Brothers, the quarrel is about "Islam." They (the Soviet Union) are afraid of Islam. He added: When I realized that a group of sportsmen were going to travel to the land of heathenism, I was very happy. But they found out what we had in mind and for this reason, they prevented our trip. This has proven that they cannot tolerate us. They are unable to accept you because you are the messengers of the truthfulness of the revolution. In another part of his speech, he said: If you had gone, you would certainly have chanted "God is great" and they were afraid of this. In conclusion, he said: They have

shown that when they claim to support the masses, as they do, they are lying.

In this connection, before the meeting of the minister of labor with the wrestlers, the head of workers' sports explained why the Soviet embassy refused to admit them. In a part of his speech, he said: According to existing documents and the annual calendar of the Soviet wrestling federation which reached us in late winter of 1981, we were offered the chance to participate in any one of the matches we wished. We chose the 'Aliov cup matches. They had even reserved the travel tickets for the wrestlers to Makhachkala, which was the location of the games.

In another part of his speech, he said: With the correspondence between the National Olympic Committee, the Joint Federation Office, and the Soviet authorities, there remained no reason for our not being accepted. He also added: Last Tuesday, when we went to the Soviet embassy to obtain visas, they began making excuses. First, they said two photographs of every person should be submitted. Then, they asked for five photographs. Finally, to our astonishment and disbelief, they refused to grant visas to the Muslim worker wrestlers.

Another issue was southern Lebanon. They were afraid that the wrestlers would expose the silence of the Soviet Union in regards to the crimes of Israel in Lebanon. In conclusion, he said: In any case, this is considered a political victory for us. God willing, with the implicit agreement of the minister, we will send this same team to Mecca.

9593

CSO: 4640/476

THIRD WORLD URGED TO IMPOSE SANCTIONS AGAINST IMPORT OF LUXURY ITEMS

Tehran TEHRAN TIMES in English 19 Sep 82 p 2

[Text] **ROME (IRNA)** - A member of the Iranian delegation at the Interparliamentary Conference, Ahmad Attari suggested to the conference here Friday that the Third World nations impose sanctions against imports of luxury items.

Attari who was talking at the fourth session of the conference about world famine noted that mal-nutrition and famine were the results of unfair distribution of wealth and the plundering of the resources of the weak nations by the superpowers.

In related report the deputy chairman of the Islamic Consultative Assembly, Seyyed Mohammad Khamenei, who is here for participation in the conference met and talked with the Italian Minister of Justice Clario Darida.

He encouraged the Italian Minister to study the Islamic system of justice, and assured that he would find the system commendable.

The head of the Iranian delegation to the 67th Inter-Parliamentary Union's conference, Hojjatoleslam Doaie met and conferred with the Italian Parliament Speaker here Thurs-

day afternoon and discussed issues of mutual interests.

Hojjatoleslam Doaie explained the 'Neither East Nor West' policy of the Islamic Republic and stressed its continuation in the future.

Expressing hope for the expansion of mutual relations between Iran and Italy, the Italian Parliament Speaker asked the Iranian official to convey his greetings to Imam Khomeini.

In another development, Hojjatoleslam Doaie visited the Italian Minister of Foreign Affairs, Emilio Colombo Thursday morning.

The Iranian official emphasized in this meeting, that the Islamic Republic would move towards peace and obtaining its proper and legitimate rights inspired by the guidances of Imam Khomeini.

Referring to the speech of Italian Foreign Minister at the Thursday session of the IPU, he said that the Iranian delegation found many positive and common points in the speech.

The Italian minister described the relations between the Islamic Republic and Italy

as being friendly and said that his country like Iran would support the establishment of peace in the Middle East, and other critical regions.

Present in this meeting were the head of the Defense Committee of the Iranian Majlis Hojjatoleslam Rohani and Islamic Republic's Ambassador there Heidari.

Majlis Deputy and member of the Iranian delegation to IPU, Ms. Rajai, Thursday talked about women's rights and compared it before and after the Islamic Revolution during the IPU session.

Another member of the Iranian delegation, Hojjatoleslam Mohammad Khamenei in his speech talked about the structure of the Majlis, adding that the countries whose delegates did not represent the nations but were rather representative of the governments should not be allowed to attend such gatherings.

The delegation representing the Zionist regime left the conference hall during the speech of Iranian representatives.

The delegation was absent on Wednesday evening during the speech of Hojjatoleslam Doaie.

ARAB STATES 'WASTED RESOURCES IN EFFORT AGAINST IRAN'

Tehran TEHRAN TIMES in English 20 Sep 82 pp 1, 3

[Editorial by Muhammad Salman Tawhidi: "The World Stood By and Watched"]

[Text]

LEBANON was invaded by the Israeli dogs of war and the world stood by and watched. Palestinian refugee camps were bombarded and the world stood by and watched. Whole cities in the south of Lebanon were destroyed and the world stood by and watched. Beirut was surrounded and mercilessly bombarded and the world stood by and watched. Throughout all this, women died, children died, babies died, old men died, the hospitalized died, doctors and nurses died and the world stood by and watched.

The Palestinian forces were forced to leave Beirut, the Moslems of Beirut, especially the Palestinians but also the Lebanese, were left defenseless, and the world stood by and watched. Gemayel, the murderer, the terrorist whose only peers are the Zionist leaders Begin and Sharon themselves, was illegally elected to the presidency of Lebanon, and the world stood by and watched. The summit at Fez was held and ended in complete capitulation to Zionism, and the world stood by and watched. Finally, the world stood by and watched as Zionist puppets in Lebanon brutally massacred thousands of innocent Moslems in cold blood. This, it is clear, is Zionism's final solution to the Palestinian issue, and the world stands by to watch.

As Moslems, we in Iran are naturally disturbed by all that has happened in Lebanon. We are also disturbed about the capitulation at Fez. We had no great expectations from the world at large. We knew that we could expect no positive reaction from the West. We also told the Moslems that they could expect no help from Communist Russia. But we did expect more reaction from the Moslems. We

did not expect them to stand by watching. This we expected from people who have no knowledge of the great blessing of Islam, not from people who are actually Moslems.

Though we are shocked by the recent genocide in Lebanon, we are not particularly surprised. We expected such a thing. In fact, we warned the Moslem world about it. Repeatedly the call was issued by Iran that the Moslems of the world must unite. Repeatedly the call was issued by Iran that the only solution to the Palestinian issue is unity of the world's Moslems and determination by them to fight the Zionist cancer. Repeatedly we warned the Palestinians not to surrender, not to capitulate, not to withdraw from Beirut. Repeatedly we called on the Arab leaders not to endorse a U.S. peace plan at Fez. Repeatedly we called on the Arab leaders not to recognize Israel. Repeatedly we have warned of the dangers of these things.

Recent events in Lebanon have proved that the Islamic Republic of Iran was right in its stance against Zionism all along. Instead of supporting Iran, however, the Arab states of the Persian Gulf and of other regions and some non-Arab Moslem states have busied their manpower and economies and other resources to actually fight against it. How much has been lost in the war imposed on Iran that could have been used against Israel! If even a fraction of that amount had been used against Zionism, many of the atrocities committed in Lebanon would not have taken place. If there had been no war imposed on it, the brave Islamic warriors of Iran would have been able to achieve their dream of fighting for, and perhaps liberating, the Holy Land of Qods.

Arab states, however, prevented them, and let this be recorded in history. The Moslems of Iran desired to fight for the freedom of Qods, to end the oppression in Lebanon and Palestine, and the Arab states prevented them. Furthermore, when the Moslems tried to express this desire in the holy cities of Mecca and Medina, they were even prevented from this and were beaten with clubs, arrested and sent home. Let this also be recorded.

May God justly damn these Arab leaders along with the U.S. alliance of the western powers and Zionism which they serve. May God give the Moslems of these states the awareness and courage to topple these leaders, for failing that, others will have to do it for them. And the Moslems of Iran are running short of patience.

AL-BASRAH BATTLE DETAILED

London AL-DUSTUR in Arabic No 247, 16 Aug 82 pp 32-35

[Article by 'Abd-al-Wahab al-Qaysi: "The Story of the Battles of al-Basrah: A Plan To Divide the Area Was Foiled by the Failure of the Iranian Attack"]

[Text] Iraqi tanks stand in their positions; soldiers had made preparations for a confrontation; the remains of scorched Iranian tanks are scattered over the battlefield; and thousands of corpses [are everywhere] emitting the stench of death. We flew to the front in al-Basrah on an Iraqi helicopter with a group of Arab and foreign correspondents. Then we were driven in camouflaged cars to the foremost lines of combat.

When I turned quickly towards the road of death which the Iranians had taken in their flight--I did that to take pictures--one of the officers shouted at me, "Stop! Don't move! There is a minefield in front of you."

Another Iraqi officer quickly showed me the way [to safety] because we were still within the range of Iranians.

Minutes later a shell that had been fired from an Iranian emplacement exploded. The senior officer who was accompanying us shouted, "Disperse yourselves into groups so we can reduce our losses." It was then that guns on Iraqi tanks, cannons and missiles were fired, and a shower of missiles fell towards the source of the Iranian fire. We stepped back to one of the positions to watch one of the battles in the series of battles that are being fought in the war that has been going on for 2 years.

After 25 minutes of this exchange the Iranian side stopped firing, and cameramen proceeded to take pictures of thousands of corpses [that were scattered everywhere]. Some of them had been charred and others had been burned, spattered with blood and covered with dust. They had been swept by the sandstorms which occur often during this season in this desert area on the border.

There was a dead man in front of me who had a thick beard. He was wearing a tin pendant around his neck, and his name in Persian was engraved on it. Next to that pendant was a key to heaven which Khomeyni had promised the naive [would be their reward]. I was able to read some of what had been written on the military clothes of dead Iranians: I am on my way to Paradise O Lord of Destiny; the angry visitors are martyrs of Karbala'; Help me O Lord of Destiny.

The sight of Iranian casualties scattered on the desert was terrifying. It was almost unbelievable for someone who saw it, [not to mention] someone who heard about it. Corpses were piled up and scattered in a straight line as far as the eye could see. The weapons of these Iranians, their bombs and some of their belongings, Syrian-made canned goods, were scattered all around them.

The Countdown

Iraq was convinced that the military power Iran had left would not enable it to invade Iraq. This is what a senior Iraqi officer who was accompanying us said. "Iran," said the Iraqi officer, "lost its best forces after withdrawing them from its borders with the Soviet Union." The Iraqi officer went on to say, "The countdown for Iran began with the first attack it launched when it threw into the foray the equivalent of six military divisions: two armored divisions and four infantry divisions. The second attack was carried out by three divisions. The Iranians rearranged their destructive divisions, among which is Division 77 and Division 16. These are the two golden divisions, so named by the Iranians.

The third attack began with one and a half divisions and a large number of infantrymen, the **Bazaris** or Khomeyni's guards and the **Basij**, the volunteers. The fourth attack was the Iranians' weakest attempt. However, in their fifth attack they amassed large numbers of infantrymen and Khomeyni Guards whose numbers added up to four divisions.

The military plan that the Iraqis followed was so tight it could not have been broken. The Iraqis also used the withdrawal method: they would invite an attack into their territory and then fall back on the attackers by utilizing "a mobile defense." We saw burned out vehicles turned toward the Iranian borders. This is an indication of the fact that the Iranian withdrawal was disorderly. Their military conduct was determined by their psychological breakdown. It's been observed that during their first attack on 13-14 July the losses Iranians sustained in military hardware were considerable. The Iranians lost 260 tanks. Then, while their losses in personnel rose, their losses in hardware and armored vehicles fell. The reason for that was that a major part of their military hardware had been destroyed in the first attack. The Iranians had tried to make up for their losses by throwing large numbers of people from the Khomeyni Guards--the **Bazaris** and **Basij** --into the battle. These men had been suffering a psychological breakdown because of their previous losses.

AL-DUSTUR has learned that occupation of al-Basrah was a requirement of the Iranian plan since al-Basrah is an important port and the gateway to the Arabian Gulf. The aim of that occupation was to isolate Iraq from the Arabian Gulf and to establish control over both banks of Shatt al-'Arab. This would pave the way for the attempt to invade the area at a later time. The Iranians had planned that al-Basrah would be the key to that attack. It would be from al-Basrah that invading troops would be sent out to the Arabian Gulf and to north Iraq to overthrow [the government in] Baghdad, and then [the governments in] the Arabian Gulf and in Saudi Arabia.

Iraqi defenses were designed so they could be penetrated in one area but remain impenetrable in another area. The aim of that tactic was to lure Iranian forces into a trap. On the other hand it was noticed that the Iranian attack was carried

out with several motorized convoys and that, except for a few areas defined by the Iraqi army that would be turned into a trap, it had failed to penetrate Iraqi defenses. The Iranian army actually pushed forward into the area which the Iraqis had wanted them to move into, and the area which Iran's motorized convoys had entered was surrounded. In the early hours of 28-29 July that motorized convoy was completely destroyed. The front for that pocket was four kilometers wide; it had been surrounded from all sides except that side from which it had entered.

The officer said, "We wanted to continue carrying out the set plan against the Iranian units on the following day, but poor weather conditions prevented that. Instead of attacking them, we began engaging them. And although we did not attack them, the Iranians abandoned their tanks. They left their engines running and fled because morale among them was low."

The Iraqi officer went on to add, "We fought them with one-fourth of the army in al-Basrah and one fourth of the air force that had been prepared to destroy the attack."

Dangerous Secrets

Iraqi forces found significant Iranian military maps indicating the divisions that would have been made in the area after the success of the fifth invasion.

Information obtained exclusively by AL-DUSTUR indicates that Hafiz al-Asad was quite upset by the fact that four stages of the Iranian attack had been foiled. He immediately sent an officer who is close to him, Col Rabah al-'Alawi to Tehran to find out what the situation was and to inform the Iranians of his concern.

The Iranian reply was that the fifth attack was guaranteed to succeed and that it could not fail at all. The Iranian officer who is close to Khomeyni and who met with Rabah al-'Alawi conveyed Khomeyni's regards to Hafiz al-Asad and said, "Tell the Syrians to rest assured." Rabah al-'Alawi called Damascus from Tehran and reported to Damascus [the following] statement, "Rest assured: the merchandise will arrive on 30 July."

The Iranian maps that were found by the Iraqis are extremely dangerous. They reveal the extent of Hafiz al-Asad's involvement with Khomeyni and the plans they had made to divide the area into sectarian mini-states. The aim of the Syrian-Iranian plan after the fall of al-Basrah and Baghdad was to advance further and to overthrow [the regime in] Jordan so Syria can annex it and also annex the western region of Iraq. The Biqa' Valley would also be annexed by Syria; a Maronite state in Lebanon would be recognized; Saudi Arabia, Kuwait and the Arabian Gulf would be occupied; and Mecca would be declared Khomeyni's second capital.

The New Musaylamah

A captured Iranian officer who is being treated for his injuries in an Iraqi hospital indicated that he had visited Khomeyni several times and that the last time he had visited him was before the last attack. The officer said that Khomeyni had read his incantations and informed them that they would return victorious after occupying Baghdad.

When we asked the officer what did Khomeyni want, he replied, "He is a blood-thirsty man. He wants the last living Iranian killed." The captured officer added, "Khomeyni was making plans, after his attack on al-Basrah succeeds and after he occupies Baghdad and Karbala', to proclaim himself the ruler of all Muslims on earth."

The French journalist Eric Rouleau, who is known for sympathizing with Khomeyni, relates that he obtained permission one day for an audience with Khomeyni. He came at the appointed time but was told that the Ayatollah was busy that day meeting with the Mahdi, the Lord of destiny. Eric said that he thought then that Khomeyni was meeting with an important person.

On the second day he arrived again at the appointed time, but Khomeyni's chief guard told him, "We are sorry. Ayatollah Khomeyni is in an important meeting with the Prince of the Faithful, 'Ali ibn Abu Talib, peace be with him.

The French journalist was astonished, and he smiled and said, "Are you referring to the fourth caliph, 'Ali ibn Abu Talib?"

The chief guard replied, "Yes."

The French journalist laughed and said, "As far as I know, 'Ali ibn Abu Talib died more than 1,000 years ago."

Then the chief guard replied, "If you are making fun of us, why then are you wasting your time to get an audience with Khomeyni?"

An Iranian officer who was taken prisoner by Iraqi troops said that Khomeyni had summoned senior officers before the attack. While he was addressing them, he interrupted himself and said, "Please excuse me for a few minutes." According to the prisoner the officers waited for 1 hour and 40 minutes, and then Khomeyni came to them and told them to postpone the attack for 3 days because he had received an appeal for that from the Mahdi.

The captive Iranian officer said, "In one of his formal legal opinions, Khomeyni told us that when we occupy Baghdad we were to rape Iraqi women before killing them because killing them without raping them would make them martyrs and they would then go straight to heaven."

8592

CSO: 4404/670

BAGHDAD METRO CONSTRUCTION

London ARABIA in English No 12, Sep 82 p 58

[Text]

Construction of Phase 1 of the Baghdad Metro is expected to start in August, despite the financial drain of the Gulf war. Completion date for Phase 1 is January 1990 though the system will open for passengers in 1987. The underground railway system is part of Iraq's \$3-4bn investment programme, designed to provide the capital and the country with a balanced transport system.

Phase 1 will consist of 36 underground stations along a 32km two-line, duo-rail network, connecting the more populous parts of the city. Bus services will link other parts of Baghdad to the metro, and to the existing overground railway system on both sides of the Tigris.

The report of the general consultant to the Baghdad Rapid Transit Authority (BRTA), which controls the project, has been approved. British Metro Consultants Group, a consortium of UK firms working in conjunction with London Transport

International and Transmark, is responsible for Phase 1.

The design, construction and maintenance of the metro will require a range of skills new to Iraq. BRTA is developing a training programme and is to set up basic apprenticeship training courses at an institute to be opened near the main metro workshop in Baghdad.

If all goes according to plan, Phase 2 of the project will mean 10 new stations and 11km of new track. A Phase 3 could involve a third rail line and a regional rapid transport system.

Iraq is also expanding its highway system. Contracts have been awarded for the 1,200km Expressway One which will connect Baghdad to Jordan and to Kuwait. Construction of another highway linking Baghdad to Turkey is expected to begin shortly. A programme to build 10,000km of rural roads is under way.

CSO: 4400/3

CONFEDERATION, FREE TRADE WITH PALESTINIAN STATE PROPOSED

Tel Aviv DAVAR in Hebrew 3 Sep 82 p 18

[Article by Rafi Rupin: "The Israeli Option; A Proposal to Establish a Confederation between Israel and a Demilitarized Palestinian State"]

[Text] (The author of this article has extensive political experience, having served in the Israeli foreign service. This article was written before the announcement of the Reagan Plan)

Let us not delude ourselves that there is a military solution to the Palestinian problem. We may be able after the Peace for Galilee campaign to create a safety zone in southern Lebanon, free of terrorists, perhaps even uproot the terrorists from all of Lebanon and cut the PLO down to size. But whatever we do, this organization will continue to fight us.

But this is not to say we cannot benefit from the situation. It is possible that a military victory over the PLO in Lebanon has created a psychological and political climate congenial for a political solution for our conflicts with the Palestinians, that can lead to peace with the Arab states. In order to reach an agreement we need a solution that will take into account the just and reasonable demands of the two parties. An initiative on our part is necessary that will make a generous offer to the Palestinians for solving the conflict through negotiations, an initiative that will present a new Israeli position, and that will resemble, in its psychological weight, the Al Sadat initiative, when he offered to come to Jerusalem and to discuss a peace treaty with us.

What can we offer? What solution may be acceptable to both parties?

Here is a model for a solution that may serve as a basis for negotiations for establishing a just and lasting peace between us and our neighbors. This model presents a political framework designed to:

a) Enable the people of Israel maintain a democratic Jewish state that will live in peace with its neighbors, especially with the Palestinians, will enjoy reasonable security and will take into account the bond of the Jewish people now controlled by the IDF:

b) Respond to the demands and expectations of the Arabs who are in principle willing to recognize Israel under conditions they consider honorable and reasonable;

c) Be acceptable to public opinion and governments in the free world and perhaps beyond as a fair and reasonable solution, worthy of support.

The proposed model is a confederation between Israel and a Palestinian state in Judea, Samaria and Gaza, except for certain areas that will be added to Israel because of security or other considerations. Both member states of the confederation will be sovereign, except for the possibility of dissolving the confederation without mutual agreement.

The confederation agreement will include the demilitarization of the Palestinian state, the prohibition of establishing its own army or letting its territory be used by another army, and the delegation of the responsibility of defending its territory to the IDF. The confederation agreement will include the right of free passage of goods and people, permanent residence for the citizens of both states in the sister state, according to its laws (similar to the rights of the citizens of the European Common Market countries). In other words, Israeli citizens who live in the Palestinian state and Palestinians who live in Israel will be able to continue to live there undisturbed. These residents will remain the citizens of their country of origin, so that their moving to the sister state will not create any political questions.

The Problem of Jerusalem

The problem of Jerusalem will also be solved within the framework of the confederation. One possibility is a joint Israeli-Palestinian sovereignty in East Jerusalem. The residents with Israeli citizenship will remain Israeli citizens, and those with Jordanian citizenship will become Palestinian citizens. The entire city will be run by the municipality of Jerusalem, and all the residents, Israeli and Palestinian, will be able to run for the city council. The citizens of each state in the confederation will pay taxes and receive services from the state of which they are citizens. Certain services that cannot be separated, such as police, will be under the authority of the confederation. There are places in the world that are under the sovereignty of two states. They are recognized by international law, and one can learn from their experience in regard to implementing double sovereignty in East Jerusalem.

The confederation authorities that will be appointed by the two member governments will deal with the issues resulting from the mutual interests of the two states in keeping with the confederation agreement.

How the Proposed Confederation Can Be Achieved

A possible point of departure is the Autonomy Plan enunciated by the Camp David accords, and the peace treaty with Egypt. The Israeli government will tell the autonomy negotiations partners that it considers this plan a stage leading to the establishment of a Palestinian state as part of a confederation

with Israel. The purpose of this stage is to find out if the Palestinian residents of the autonomy are indeed interested in living with Israel within the framework of the confederation in peace, and to establish Palestinian representative leadership, that is, a leadership chosen by the residents. The area of the autonomy will not include territory bordering on Arab countries, such as the Jordan Valley and the Dead Sea, or other areas vital to Israel's security. On the other hand, there is no reason for the Arabs of East Jerusalem not to vote for or be elected to the institutions of the autonomy, as the Egyptians have demanded in the negotiations, just as the Jewish residents of the autonomy may vote for and run for the Knesset.

There is a good chance of reaching an agreement with Egypt, and certainly with the U.S., on the establishment of the autonomy based on the above principles, since they fulfill the requirements the Egyptians have made public in the media since Camp David days. This agreement will satisfy Egyptian commitment to the Palestinian question. The Egyptians did say they would not agree to an arrangement not acceptable to the Palestinians, but they clarified they would not let the Palestinians determine Egyptian policy. If the Egyptians will regard the amended autonomy plan as a way out and the U.S. will support it as well, the Palestinians will also agree to it, PLO opposition notwithstanding.

If during the 5 year period (the transition period according to the Camp David agreements) the Palestinians will prove and convince Israel that they are willing to live in peace with Israel under the confederation, they will have their own state. Otherwise the transition period will be extended (under the conditions of the autonomy) until conditions are ripe for a new development, agreeable to both parties. Thus the Palestinians will realize that if they want their own state they have to convince Israel about their desire for real peace, by giving up aggression and all military options.

One may ask, in light of the hostile attitude of the Palestinians toward the Jews and toward Israel for over two generations, how can we assume that a Palestinian state will maintain peaceful relations and cooperate with Israel?

The answer is, under the confederation the Palestinian state will have no other choice. A country divided in two, surrounded by Israeli territory, demilitarized and bound by a confederation agreement, will not be able to show aggression toward Israel. One does not need a fertile imagination to understand this.

Moreover, in negotiations with the Arabs over the autonomy, and later with the autonomy authorities over the confederation, Israel will be able to point out to the continuing Arab hostility and the experience of the past as mandating the condition that will ensure the demilitarization of the Palestinian state and the prevention of the option of using force on its part. Those friends of ours who will ask us to modify our position and may pressure us to lower our security expectations, will be told that as long as the fire of confrontation burns in the hearts of the Palestinians, security concessions on our part may tempt the leaders of the Palestinian state to go back to the policy of confrontation.

In what way is this plan different from the plan of the Labor Alignment, known as "territorial compromise with Jordan?"

The common denominator of both plans is the resolution of the Palestinian problem while ensuring the Jewish democratic character of the State of Israel under acceptable security conditions. The difference is the bond of both nations to western Israel, that can only be satisfied under the confederation agreement. But the main difference is that Jordan is not amenable to any territorial compromise, while the confederation model can be implemented without Jordanian agreement, on the basis of the peace treaty with Egypt.

It is no secret that the consistently negative attitude of Jordan toward a territorial compromise based on the Allon Plan was checked and verified in meetings between Jewish leaders and King Husayn. I don't believe it is a bargaining position that can change in time, for several reasons: The annexation of territory in Judea, Samaria and Gaza may undermine the delicate balance between Palestinians and Jordanians in the kingdom. The annexation will lead to a majority of 80 percent of Palestinians in the population, and the fate of the kingdom will be sealed (at least in the long run). Moreover, according to the decisions of the Arab League, the PLO is the sole legitimate representative of the Palestinians. Hence, Jordan has three options: change the decision of the League; disregard it; or reach an agreement with the PLO according to which Jordan will receive the territory from Israel and will transfer it to the PLO. It is doubtful that Jordan has the ability, let alone the motivation to choose any of the three options.

Those who support the territorial compromise plan assume that the position of the Jordanian government may change and make it easier for us to reach a convenient agreement with Jordan, preferable to an agreement we may reach with the Palestinians. Unfortunately, this assumption has no basis in reality. Jordan is a sovereign state not without the conditions of sovereignty, and its rulers have grave concerns about the annexation of territory on the West Bank, densely populated with elements who are hostile to Jordan and rebellious. The Palestinians, on the other hand, have no sovereignty and all that goes with it, and would like to attain it. One can assume that Israel would be in a better position negotiating with the Palestinians than with Jordan.

The wide-spread opposition in Israel to a Palestinian state (including those who support a territorial compromise with Jordan), is not justified, if this state is deprived of the physical capability to harm Israel and risk its security. From our standpoint, it is better to have for a neighbor a weak Palestinian state depending on our good will, than a state with a Palestinian majority, relatively strong, that does not depend on us.

Those who oppose the plan may argue that a demilitarized state is lacking one of the main components of an independent state, and that a state on such a small territory with only 1 million people surrounded by another state is not viable economically. These are reasonable arguments, but they are not absolute. There have been states that chose to be demilitarized without harming their sovereign status. Thus, Denmark was for a long time a demilitarized state. As for being economically viable, there is no connection between the

size of a country or its population and its economic stability. There are countries in the world much smaller than the proposed Palestinian state and yet their economic condition is enviable. An extreme example is San Marino with a territory of only a few square miles and a population of 20,000, surrounded by Italy on all sides. The per capita income in San Marino is double the income in Italy. In any case, now too the residents of Judea, Samaria and Gaza are existing. Since they were separated from Jordan in the Six-Day War they have blossomed economically. Why should we assume that under the confederation they will not do well economically?

The Golan Heights

The proposed model for solving the conflict does not include the resolution of our conflict with Syria. On the other hand, it is not inconceivable that the proposed solution to the Palestinian problem will not soften the conflict with the Syrians and will show the way to peace with them. In any case, if the confederation solution receives international and Arab support, it may influence the Syrian position, if only because it will reduce Syria's capability of using the military option.

I do not maintain that we can determine at this time what the Arab reaction will be to the confederation plan, should it be adopted by the Government of Israel. I would like to mention that the idea of a confederation between Israel and a Palestinian state was raised recently by King Hassan of Morocco.

In recent years I have had occasion to examine this idea alongside other ideas, with Arab friends and colleagues. Those people did not represent their governments or any Arab organization, just as I did not represent Israel. On the other hand, my Arab contacts represented the intellectual elite of their countries, and they knew a great deal about the conflict with us and its implications. From my conversations with them I got the impression that of all the models for solving the problem they seemed to like best the confederation model (including Palestinians.)

Of course, none of this guarantees that the confederation model will be acceptable to the Arabs. It is a long way off. But at a minimum it means that at least some of the Arabs may accept it.

In order not to be suspect of naivete and being removed from political reality, I would hasten to add that the chances that the present government of Israel adopt this plan are few, since this policy contradicts the political platform of the Likud and the ideology of Herut. The platform and the ideology of the government preclude a political solution acceptable to the Arabs, and perpetuate the conflict and the resulting wars. On the other hand, one may say on behalf of the Likud that in the past it had the courage to disassociate itself from its platform for the sake of a peace treaty with Egypt. This gives us a ray of hope that the Government of Israel is capable at times to transcend the views of the parties of the coalition.

In any event, the first step for adopting this idea must be taken by the Government of Israel. If it proposes this plan and tries to implement it, we can only win. If the Arabs accept it, all good and well; if they reject it, they will lose points with world opinion, suffer from internal conflicts and weaken themselves, while international support of Israel will increase and the Jews in the Diaspora will be satisfied with the stand Israel takes, namely, a moral initiative designed to resolve the conflict.

As for the timing, our military victory over the terrorists enables us to propose a peace plan without running the risk of letting the Arabs see it as a sign of weakness on our part. The sooner we come up with a proposed political solution to the conflict, the better its chances of success.

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CSO: 4423/221

JERUSALEM ARABS DISTRUSTFUL OF 'ARAFAT, HUSAYN

Tel Aviv YEDI'OT AHARONOT in Hebrew 8 Sep 82 p 10

[Article by Moshe Hazani: "What Did the War in Lebanon Do to the Arabs of East Jerusalem? 'Arafat Also Lied to Us, Now We Do Not Believe Anyone;' In the Muslim Section of Old Jerusalem Nasr Is Still Regarded the Greatest Arab Leader;' Al Sadat Betrayed the Arabs and Signed Peace, and Husayn Does Not Think of Us,' They Say: 'The Arab Countries Cannot Do a Thing about Israel, but Here There Will Never Be Real Peace'"]

[Text] "Nasr is the greatest Arab leader the Arabs have ever had. In every way the greatest. They don't even know how great he was. He was too good for them."

I sit with my hosts in a small room in the Muslim section of old Jerusalem. The room, with a small green patio, is lined with chairs for guests, and there are many pictures on the walls. There are pictures of relatives, a painting of the holy rock in Meccah, the binding of Ishmael, and, in the center, high above the host, a large color picture of Nasr.

"You are talking about him as if he were a messiah," I reply. "What did he bring you? Because of him you lost in 1967 and 1970. Because of him you now live under Israeli rule. Wasn't Al Sadat better? He made peace..."

"All Jews talk about the same thing. They do not understand. Al Sadat was a traitor. He abandoned the Palestinians and made peace." My host looks at Nasr's picture. "Now Israel does what it wants. Consider what has happened in Lebanon. Everyone has left us. The Syrians, the Jordanians, everyone, because Egypt has abandoned us. If Nasr were still alive this would not have happened. He was the heart of the Arab people. He was our eyes."

The Arabs I have spoken to since the death of Nasr still consider him the undisputed leader of the Arab world, even after his death. From the poorest farmers in the remote villages to the intellectuals in the universities, they admire him and consider him their savior. No failure could diminish their faith in him, and no rational arguments could change their mind. Even when the Yom Kippur broke out, when they considered it a great victory,

they did not give up Nasr for Al Sadat. They have never accepted Al Sadat, and only after his assassination we found out that he was not so popular in Egypt either. The Nasr legend, on the other hand, lives on. You cannot fight a myth. Now, in the midst of their frustration over the Lebanon war, they cling to his memory. "If Nasr were alive today, they would not have abandoned us..."

Are they right? I don't know, and I cannot fathom their thinking. All I know is that they cling to him, as evidenced by his color picture hanging in many a private Muslim home and public places.

The patio overlooks the rooftops of the Muslim section. This is a crowded neighborhood and every square inch of land is used to grow something. There are tin boxes along the patio with plants, both house plants and spices. The steps lead from the patio to a narrow alley.

"We Are Not in His Heart"

During twilight at the end of August a group of young men gathers on the steps. Their opinions about Arab leaders are not different from that of the landlord, except they speak more freely. "Husayn is a maniac, a bastard. He speaks for us, but we cannot trust him. We don't know what he thinks. We are not in his heart!"

"I do know. He only thinks of his own good, this—. He always says what everyone want to hear (about the Palestinian entity), and then he does what he wants. He doesn't care about the Palestinians. When Jordan ruled us it was like Israel, and occupation force. We have had Turks and British and Jordanians and now we have the Israelis, and it is all the same. We have always been occupied and have never been free."

"Why don't you establish a government?" I challenge them.

"You cannot trust the Arabs" (he means the Arab countries). And again the familiar tune: "They have all forsaken us. They saw the power of the Israelis and they ran away. What he says about Husayn being a maniac is true about all of them. They are all the same scum. If they make money off the Palestinians, fine. If not, they dump us. You see this can? I open it, I eat the food and I throw away the can, right?" He points at the tin can with the geranium. The others nod in assent. "Why do you need the Arab countries to help you establish a state? Your king is afraid to establish a government by himself?" I meant Arafat, trying to challenge them, since after the death of Al Sadat they said to me, "Your friend has died, now you will die." They laughed.

"The Russians Ran Away, They Were Afraid"

The Israeli reader should be aware of the fact that the Arabs in the territories are not afraid of an open discussion and are not put off by sharp remarks. They have a good sense of humor and a sharp tongue. They know how to take it and give it back, in good spirit. I have never tried to

hide the fact that there is a strong national conflict between us, and my frankness has helped me in my dialogues with them. Nor has it ever harmed our personal rapport, since the people I have spoken to have always separated between the personal and the national domain (perhaps because I, who was born here before 1948, meet the criterion of the Palestinian Covenant of remaining in the secular state to be built on the ruins of Israel). When they saw that I was open they also opened up, joked with me, and were not afraid to speak up.

"We do not trust 'Arafat," they replied. "We kept hearing news from the war. He lied. Everyone lied. The Arab states and Israel, but also 'Arafat. Now we do not believe anyone."

"Their time is up," one of them said. "They cannot do a thing against Israel. The Syrians sent airplanes, and what was left of them? The Russians ran away, they were afraid you might start up with them. So what can we (meaning the PLO) do alone? If 'Arafat talks like this (about his heroic deeds), we do not believe him."

As we kept talking they expressed their admiration for the Israeli military exploits. They were not impressed by the victory over the terrorists, but over the Syrians. These intelligent young people have never expected the terrorist organization to hold out against the Israeli forces, but they thought the regular Arab armies have improved since the Yom Kippur War and were going to make things difficult for Israel. When the Air Force struck at the Syrians they realized the gap has not narrowed but rather widened. While after the Six-Day War they believed the fabrications about American pilots flying the Israeli planes, now they did not try to make up such stories. Like the rest of the world, they knew it was an Israeli success, and that the Israeli Air Force is the best in the world, and that the Americans now need Israel, not the other way around. This victory against the Syrians was the last chapter of the Six-Day War. It impressed upon them the awareness of Israeli superiority for good.

"What Kind of a Peace Do you Want?"

While they spoke on this subject I noticed something which Freud would have called "identifying with the aggressor," and which I choose to call "effacing oneself before the winner." The loser is overwhelmed by the power of the winner, and begins to see him in a new light. Despite their rivalry, he begins to see him as a role model, and seeks to adopt his values. But since he is not willing to give up his own identity, and since he is still aware of the rivalry, he is caught in a conflict of admiring the rival and hating him. What makes things worse is his manifest helplessness.

I noticed this phenomenon among the members of that group. One of their ways of dealing with it was escape. "When the soccer world cup games were on television, this was the only thing we watched. We did not want to hear about anything else. It is good the games were on, or we would have gone crazy."

They try to avoid talking politics. Not because of secrecy--they are quite open. But because it is difficult for them to talk about it.

"What will happen?" "We don't know." They don't know and they don't want to know.

Can we remain optimistic in the face of the dilemma of those young people? I don't know. We should bear in mind things change, perplexity disappears. "Identifying with the aggressor" can lead to imitating the aggressor, in order to better fight him. The helplessness I saw among some of them does not apply to all of them. One, who hears someone mention peace, says, "What kind of peace do you want? There will never be any peace."

There is no guarantee that the hope of victory expressed by the poster of the Palestinian child hanging on the wall will not increase after the events in Lebanon. The situation today is altogether fluid.

I went down the steps to the alley. I saw an August moon over the Temple Mount. My host gave me some sprigs of mint and asked me to visit again. I told him I would. I am curious about future events.

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CSO: 4423/221

GAZA RESIDENTS SEEK DIGNITY FOR PALESTINIANS

Tel Aviv DAVAR in Hebrew 20 Aug 82 p 17

[Article by Dani Tzidqoni: "Palestine Is Not Dead, She is Alive in Gaza"]

[Text] Our Palestinian Arab cousins are acquiring, in the wake of the troubles that have befallen them, "Jewish characteristics," of the kind that were created in us over the centuries. One of the most striking characteristics these days is the growing capability for absorbing disasters and the ability to recover from them. It seems that the Palestinians, at least those that are not in Lebanon, have already overcome what Begin, Sharon and Rifa'el threw at them, and one of the signs of their rapid recovery is their hope that the prospects for the realization of their dream--the Palestinian state--are better now than before. I am not a Middle East scholar, and it is possible that I am wrong. My conclusions are based on conversations with various people in Gaza, a strip of land into which is crowded one-eighth of the Palestinian people.

The people that I talked with separately all came to practically the same conclusions, following the "slaughter in Labanon" (their language). When I expressed surprise in my conversation with an IDF officer who deals in Arab affairs about this identity emerging from the replies that I received, he confirmed that in the situation that was created they had to have such an identity in order to continue with the logic of their struggle and to function as people and Palestinians.

Haj 'Ateh Hashim Shawah, the cousin of the mayor of Gaza, bespectacled and pot-bellied, serves as head of the managerial council of the Bank of "Palestine" in Gaza and also as chairman of one of the large organizations of citrus growers and exporters in the area. The 62-year-old Haj is worried about the increasingly deep hatred between Arabs and Jews. He explains that no matter what the circumstances, Jews and Arabs will have to live here for many years to come, and that hatred does not serve the interests of living together. In his opinion, Begin does not serve the interests of his own people faithfully, because his actions increase the hatred between Jews and Arabs and sabotage the prospects of living together. Shawah notes the 70-year continuing vengeance of the Armenians against the Turkish butchers of their people. He suggests that the Israelis not ignore the fact that the Palestinians are a people of 4.5 million. If fate has decreed that Israelis must live together with them, it would be well for them to think how to do it some other way.

I do not know what stand Shawah takes in the internal Arab arena regarding how to conduct the struggle against Zionism--whether at the time he supported the Mufti or opposed him--and how he dealt with Shuqayri and 'Arafat who continued on the same path; but the terms leadership and patriotism have a meaning all their own. In his view a "leader" must look forward for his people. As De Gaulle did, who was a great patriot in his opinion, in relation to Algeria, and as Hitler and Mussolini did not, in bringing catastrophes on their peoples.

Begin, Shamir and Sharon committed a great wrong, he says, for the future of their people when they invaded Lebanon. For who will wager that Israel will always be strong and that America will always support here? There are reasonable prospects that the Palestinians will increase in strength and that the power relationships will change.

The Lebanese war has already increased, in his opinion, the prospects that the Palestinians will achieve their goals. One by one he lists the points that have accumulated in their favor. The war also raised their self-esteem and pride: "The PLO fought with courage and dedication against the attacks on sea, land and air, of the world's fourth strongest military power." It is clear that Shawah does not feel much respect for the leaders of the Arab countries. In his opinion they do not represent their peoples, who support the Palestinian struggle. Before we separated, Shawah asked me: "If the Nazis slaughtered the Jews, why do you take your revenge for that on us?" And he notes the comparisons that Begin made between Berlin and Beirut, and cites additional quotes by the prime minister which many Israelis are also sickened by).

The analogy between the Nazis and the Palestinians infuriated many of my acquaintances in Gaza. They are not ready to accept for themselves the image that Menahem Begin has ascribed to them. Sami Abu Sha'ban believes that the worst thing that has happened to Israel in her entire history was the war in Lebanon. Sami is one of two brothers who serve as Egyptian newspaper agents in the Gaza Strip. He proposes that Israel thank the Arab countries for the hypocrisy that they display on the Palestinian issue, as was shown by the war in Lebanon. From now on, he says, every Palestinian child will see as his enemies not only Israel and America but also every Arab state that supports America. In his opinion Israel's position is likely to become serious if she is not quick in granting the Palestinians a state in the occupied territories. Refusal to do so may result in Palestine's being created in the territory of Israel herself including Jaffa and Ramle. Things are changing, he says, and what is now is not what will be. Before the war only 90 percent of the residents of the Gaza Strip supported the PLO, while now there is not even one who does not support it. He suggests that I ask Mustafa Dudin, director of the village league in Mount Hebron (which functions with the encouragement of Israel), what his opinion is about the place of the PLO among the Palestinian people after its "military defeat" in Lebanon. Dudin's answer, he says, will not give solace to Menahem Begin. Sami believes that the Israeli invasion of Lebanon was a step that will "hasten the establishment of Palestine," When I adhered to my argument and said that Israel might perhaps treat the residents of the territories as she had done in Lebanon, he admitted that the residents of the territories are in fact "prisoners" of Begin and Sharon. But in his words "if you back

the cat into a corner, he becomes a lion." Sami is not a cat and far from being a lion; all that he wants at his age (64) is for God to grant him enough strength and health to see in his lifetime the results of what "Begin did to Israel." And he adds a saying in Arabic: "Every wicked person who rises, but not to the highest place, will in the end, if he is not God, fall to the ground."

The lawyer Zuhayr al'Rais is recovering now from a serious heart attack. The man, 50-years-old, was in the past an editor and publisher of newspapers and periodicals; he was a member of the limited committee in Jerusalem that formulated the "Palestinian charter." Hanging in his office are the pictures of Gamal 'Abdal-Nasir, the Kaaba in Mecca, and Holy Mary holding the infant Jesus in her arms. For some reason this multi-religious decoration does not include any Jewish symbol. Zuhir thinks that Israelis are wrong who believe that it is possible to achieve peace with the Arab countries that does not include Palestinian rights. Such a peace would not be true, he says. And it would not last for coming generations. The Palestinian people, in his words, is the heart and pioneer of the Arab nation; therefore every Israeli who thinks about peace between the two peoples must think about the rights of the two peoples.

He says there is no significance to the signatures of Arab leaders and Arab states on peace treaties that Begin and Sharon want, because peace will not be peace as long as the Palestinian problem is not solved. The Palestinians will say about Palestine what the Jews said through all the generations, "if I forget thee O Jerusalem, may my right hand be forgotten" only substituting "Palestine" for "Jerusalem." Just as the Jews say on the eve of Passover "Next year in rebuilt Jerusalem", so they will say in "rebuilt Palestine." Zuhayr cites these Hebrew passages in their original sources and adds that the Palestinians will also use the slogan "let my people go" in their demonstrations. Zuhayr does not believe that he will live to see the establishment of Palestine in his lifetime. But what is most important, he says, is not to give in.

Palestine is not dead, says editor Abdul Latif Chussayn, simply because the Palestinians will continue to exist--even in the worst conditions, even "below zero" as he says. He is a native of Haifa and a former member of the Gaza city council. He believes that even if there were one Palestinian left in the world, he would carry on the struggle. What happened in Lebanon, he says, was a military catastrophe but will have no effect on the steps towards achieving the goal.

I spoke recently with other people in Gaza as well, blue-collar workers and more populist levels. They all think that from the Palestinian perspective, Israel solved nothing in Beirut.

9794

CSO: 4423/213

HOPE SEEN FOR JORDANIAN OPTION WITH HUSAYN ACCEPTANCE

Tel Aviv YEDI'OT AHARONOT in Hebrew 8 Sep 82 p 11

[Article by Yesha'ayahu Ben-Porat: "The Jordanian Option"]

[Text] In the course of time, especially during the last two elections, the slogan the "Jordanian Option" a la Labor Party became the subject of derision and jokes. It had reached the point of press officers and public relations advisers telling the party leaders to refrain from using this worn out term. Since it was implausible, unachievable and therefore unpopular, it cost the Labor Party votes and a loss of credibility among vast segments of the public. It is hard to say how many Knesset seats the Alignment lost because of the Jordanian Option. One can only guess that here and there were voters who voted against the Alignment because of the confusion of the famous option.

The weakness of the option, which during a certain time was constantly mentioned by the party chairman, Shim'on Peres, did not stem from disagreement with the political solution it propounded. On the contrary, public opinion polls kept indicating that a large segment of the public, at times an impressive number, supported the political idea of the option, that is, a territorial compromise between Israel and Jordan. The number of supporters in the surveys on territorial compromise always exceeded the number of those who were in favor of annexation, not to mention the small number of those who have supported a Palestinian state.

Why then, did the Jordanian Option become such a dubious slogan?

The answer seems to be simple and unequivocal: the public with its good common sense knew that in order to implement the option one needed two partners--Israel and Jordan. Not only did King Husayn of Jordan keep repeating he did not wish to talk about a territorial compromise, but also a number of Israeli leaders, headed by Moshe Dayan (who served at the time as foreign minister) hinted in public that they had met with Husayn and heard from him that the compromises offered him were not acceptable. In the best of cases, during the years 1974-75, when Husayn met in Tel Aviv with Israel's leaders at that time, Rabin, Peres and Allon, he asked for no less than 12 km land strip along the Jordan River, not in return for a peace treaty, mind you, but for an interim agreement, according to the agreements signed at the time with Egypt in the Sinai and Syria in the Golan Heights.

What does that do to the Jordanian Option when Jordan keeps turning us down and telling us "no way?" It does exactly what became of it in the course of time--a joke, something you cannot take seriously.

What has changed now, if anything?

The important change is not necessarily the decision of the president of the United States to suddenly thaw the political freeze in regard to the autonomy talks. The change can be seen in the commonly held assumption that, according to American leaks that can be trusted, Husayn suddenly changed his tune and, in light of the outcome of the war in Lebanon, has reached the conclusion there is something to talk about. Husayn himself has not yet come out with it in public, perhaps because he is not free to say he is willing to talk with Israel. One should also recall the Rabat resolution of 1974 that took away from him the right to speak for the Palestinians, which still holds. But American sources say that Husayn saw Reagan's plan before it was made public, and did not object to it.

What could have prompted Husayn to change his mind? The fact the PLO's military power was smashed in Lebanon, and its political leadership was removed from the area, as well as Saudi Arabia's agreement to bring Husayn back into the Palestinian area, as well as Saudi Arabia's agreement to bring Husayn back into the Palestinian picture, and of course the U.S. pressure on the King of Jordan.

If these assertions are correct, and if it turns out that Husayn indeed has changed and is now willing to negotiate with Israel on the basis of territorial compromise, then the Jordanian Option a la Peres is no longer a joke. One should in any case reject the prime minister's suggestion that anyone who accepts the Jordanian Option is a "traitor." While it is possible to disagree with the prime minister about outright rejection of this proposition, one should bear in mind that Begin believes he was elected to his high office in order to ensure the territorial integrity of the Land of Israel. Hence he does not want to nor can he be party to negotiations with Husayn over the partition of Judea and Samaria. On the other hand, the prime minister has to accept the fact that the Labor Party may and should remain faithful to its view and its political plan, which includes the willingness to work out a territorial compromise with Jordan.

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CSO: 4423/221

VIOLENCE REPORTED IN ARAB GALILEE VILLAGE

Tel Aviv HA'ARETZ in Hebrew 18 Aug 82 p 3

[Text] Israel News Service--Displays of nationalism the likes of which have not been seen since "Land Day" took place over the last few weeks in the Western Galilee during the course of which highways were blocked, tires were burned, slogans were written condemning the state and Palestinian flags were flown.

The police made no report of these events, and the matter became known to an Israel News Service reporter following complaints about detentions from residents of Arab villages in the Western Galilee. Most of the hostile activity came from residents of the village 'Arraba, who blocked the roads to Mitzpe Hararit and (Lotem), 19 of whom have been detained since last month. Likewise there were detentions in Kabul, where the Palestinian flag was waved, and in another village where slogans were written against the police, in which it was claimed that the latter were harassing peaceful residents.

An Israel News Service reporter questioned district deputy commander Sha'ul Levi, and he confirmed the detentions, emphasizing that the police take very seriously the blocking of highways and the disruption of public order, and announced that those suspected of these acts would be brought to trial.

Of 19 detained in the village 'Arraba, 9 remain in custody now, and it is the intention of the police to bring them to trial shortly.

In the opinion of the police, there are radical elements behind these acts such as the Village Sons and the National Progressive Movement, which have tried to inflame passions in the wake of the IDF actions in Lebanon.

Government and defense bodies which deal with the Arab question have said that they will do everything to stop these manifestations of nationalism while they are still in their infancy.

A Syrian Flag in Majdal Shams

A Syrian flag was flown yesterday before dawn on the schoolhouse in the Druze village of Majdal Shams in the Golan Heights. Security forces took the flag down and detained one of the inhabitants as a suspect in the case.

This is the first time in 3 months that the Druze in the Golan have broken the law. Since the beginning of the war, there has been no disturbance in the Druze villages of the Golan. Since the Druze ended their strike, there has been an increase in the number of community members who have appealed to the Ministry of the Interior to issue them an Israeli identity card. Lately there have been a number of gatherings in the villages in which the participants have called for another strike of the villages. Those who took part have claimed that they were promised that they would be able to get a certificate from the Interior Ministry that would enable them to spend time outside of their villages, but that up till now no such certificate has been issued them. The Ministry of the Interior has reported that the only certificate that the Golan Druze would receive is the Israeli identity card.

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CSO: 4423/213

FRICITION WITH ARAB WORKERS IN ELAT ANALYZED

Tel Aviv MA'ARIV in Hebrew 9 Aug 82 p 5

[Text] One can understand the response at the general public on viewing the television reportage about the distress of the Arab workers in Elat. These days many believe that an event has not occurred until it is seen on television. But the sharp reaction of members of the Knesset, Histadrut leaders and senior officers to the revelations made in the report must arouse surprise.

The fact that today there are about 3500 temporary Arab workers in Elat living in substandard conditions, suffering from discrimination and police harassment and constituting a serious social and economic problem for the southern city--was not what could be called a "scoop." It had been a topic for newspaper articles and, of course, also for many reports made by government units that have tried to find a solution to the "question of the Arab workers." The mayor of Elat, Gadi Katz, who believes that if the Arabs are called "minorities," that would moderate the negative image of his city towards its visitors--talks a lot about the problem when he goes north.

In fact the "secret" of the situation of the Arab workers in Elat should have been known to the city planners and government officials connected with Elat even before the problem was created. Even someone who has not specialized in urban sociology and Israeli economics should have realized that when you build such a large number of hotel rooms in Elat, workers would be needed to build the rooms and afterward to serve the guests who would live in them. The shortage of Jews in the construction industry is not just in Elat, and in the large hotels in the center of the country a large proportion of the workers are Arabs.

The Ministry of Tourism, the Ministry of Labor and Relief as well as the local citizen's planning authorities should have required that every hotel to be built contain workers' quarters for those workers not residing in Elat. Prior concern both for housing and for the social life of these workers would have reduced the points of friction between the residents of Elat and the Arab workers.

Some small comfort can be taken in the fact that in the next few years, a decrease is expected in the dimensions of the problem. After the completion of the hotels now under construction, additional hotels will not be built in Elat for a long time, and employment in the existing hotels will, apparently, not grow. As the years go by, so we can hope, the number of Elat residents involved in tourism will also rise.

But the decrease in the number of Arab workers in Elat will not reduce the gravity of the manifestations of racial discrimination portrayed in that television documentary. The great shame revealed in Elat is not the shame of the Arab workers but of its Jewish residents. This matter has to be handled with utmost urgency, even before dealing with the much simpler matter of improving the lot of the Arab workers in Elat.

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CSO: 4423/213 .

INVESTMENTS PLANNED IN WEST BANK, GAZA INDUSTRIES

Tel Aviv HA'ARETZ in Hebrew 30 Aug 82 p 13

[Article: "Itam Will Invest in Developing Industries in Judea, Samaria, Gaza and the Golan Heights"]

[Text] The new investment company Itam Israel Advanced Industries is planning to industrialize the settlements of Judea, Samaria, Gaza and the Golan Heights. It has so far invested \$400,000 out of a \$700,000 investment capital drawn from its registered capital of \$1 million.

The company, initiated by Knesset Member Yigal Cohen-Orgad and comprised of businessmen who support the larger Israel concept, is raising \$1.3 million by tapping new investors. The first group of 100 investors owns \$10,000 worth of stocks each. The new stocks will be sold for \$13,000 each. The company has not yet decided whether to sell stocks to the public or to continue to sell to individual investors known to the company. Cohen-Orgad, who is the chairman of the board of directors of the company, says that the initial sale of stocks went well, and there should not be any difficulty with the new sale.

Micro-computers in Ariel

Itam, in business only a few months, has already begun to develop specific industries, mainly science-related. A micro-computer plant is being built in Ariel. The first computer is due in November, to be exported to the United States.

The new investment company, according to Cohen-Orgad and Eli Shiloni, the director general of the company, only looks for partners with innovative ideas for developing existing products, who are willing to invest their own money. The money is used gradually, according to the progress of the idea and its execution. A new plant is built only after it is established that there is a market for the product. Marketing is the Achilles heel of Israeli industry, says Cohen-Orgad. He points out that a main reason for the failure of industries is inadequate market research. In his opinion the government should help develop markets for new industries.

Itam's first industry, Visco-Israel, which produced micro-computers for information systems stored in microfilm, solved the marketing problem by contracting with an American firm that took care of production and marketing.

This was done by buying the U.S. firm Visco, the computer's manufacturer, and converting it into a marketing firm, while transferring the production to Israel. Here development will take place, focusing on improving the existing computer as well as entering new areas of electronics. The plant will employ 25 workers, 8 of whom are experts in electronics. Cohen-Orgad says that from the standpoint of employment this may not be considered a major contribution for the people in the settlements, but the establishment of industry in the territories strengthens the settlements, but the establishment of industry in the territories strengthens the settlements and helps their future expansion.

New Projects

The plant at Ariel is only the first of several, some of which are nearing completion. One such plant is a computerized printing plant at Elqanah. At Neveh Tzuf, a plant for optic medical instruments will be built in cooperation with an existing firm, a plant for military gear and equipment is being planned. Three more electronic plants are on the drawing boards, to be built at the Ariel-Barqan area. In this area Itam is planning a 6 dunam industrial park. The new plants will develop, among other things, innovative equipment for coding oral and written data, home terminals for cable television, and printing of air photos. Some of these industries are the idea of Israelis who return from abroad who are seeking employment in science-related industries.

The leaders of Itam point out that they do not receive any special privileges, and the conditions for establishing the industries in the territories are the same as those for development areas of high grade.

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CSO: 4423/221

BRIEFS

WORKERS FROM TERRITORIES--In July there were 53,139 workers from Judea, Samaria and Gaza employed in Israel, according to the employment offices, as opposed to 51,800 in June. This is the highest number of workers from the territories since 1975; 18,381 worked in the construction sector, 20,183 in industry, 9,980 in services and 4,595 in agriculture. In Jerusalem, 8,262 workers from the territories were employed as opposed to 2,027 in June, of whom 4,088 were in construction. In Haifa there were 3,355 of whom 2,095 were in construction. In Samaria there were 2,338 of whom 1,177 were in construction. In the Sharon district there were 5,482 of whom 2,097 were in industry. In the Tel Aviv district there were 17,458 of whom 5,504 were in construction, 7,027 in industry, and 4,421 in services. In the southern district there were 4,136 of whom 2,119 were in industry. In the Negev districts there were 3,612 of whom 1,887 were in construction and 796 in industry. In Eilat there were 1,010 of whom 887 were in construction. Among the cities--as opposed to the districts--which counted a large number of workers from Judea, Samaria and Gaza were the following: Tel Aviv 13,189; Jerusalem 7,813; Ramat Gan 3,797; Haifa 3,280; Holon 2,563; Be'er Sheva 2,011; Petah Tiqva 1,845; Hadera 1,715; Ashkelon 1,200 and Eilat 1,010. [Text] [Tel Aviv DAVAR in Hebrew 15 Aug 82 p 4] 9794

EXTREMIST RELIGIOUS VIOLENCE--Authorities in Jerusalem expect an escalation of religious violence in the city after the breakdown of the coalition negotiations with Agudat Israel, which declared that it would be a "fighting opposition in the city." According to MK Rabbi Porush, Teddy Kollek struck a hard blow and dishonored the position of Agudat Israel and its faction in the municipality of Jerusalem. In his view the coalition framework was not intended to lower the partners to their knees and bring them to the point where they would have to give up their positions as would result from the guidelines issued at the beginning of the week by Mayor Teddy Kollek to his aides in advance of the negotiations: "What are called 'guidelines' by Mr Kollek, is a degrading writ of submission and a declaration of confession. Anyone who thinks to present this dictate only testifies to his own very low ethical posture." The Agudat Israel people in Jerusalem were responding to a statement that Kollek published last week in which he hinted that the Agudat Israel people were not doing enough to stop the violence in the city. They said that "the Kollek announcement is the complete antithesis of patience and tolerance in the name of which he pretends to speak. His statement constitutes the coarsest kind of written abuse, instigation and incitement of the sort that is the fashion on the streets of Israel today." The

Agudat Israel people accuse Kollek of claiming that the Aguda was confessing its transgressions. "That sort of claim belongs more in the popular democratic countries where they force people to make formulaic confessions that contradict every rule of human freedom and elementary democratic rights," the Aguda people said. [By Tova Tzimuqi, DAVAR correspondent] [Text] [Tel Aviv DAVAR in Hebrew 20 Aug 82 p 2] 9794

CSO: 4423/213

ISRAEL'S ECONOMIC PRESSURES VIEWED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 31, 20 Sep 82 pp 4, 5

[Text]

The assassination last week of President-elect Bashir Gemayel cast a thick mantle of gloom and uncertainty over Lebanon just as the embattled city of Beirut was beginning to cast off some of the outward signs of its ordeal. Many problems remain however, notably the actions of Israeli occupation forces around the capital and in the south and Israeli demands on the helpless — and now hapless — Lebanese. *An-Nahar Arab Report & MEMO's* Michael Scott, in a report telexed from Beirut, surveys the scene in the capital and in the Israeli-occupied south and assesses the mood there. His report follows:

On the eve of the assassination of the President-elect and less than two weeks after the last group of Palestinian guerrillas left the city, vigorous action was under way to clean up Beirut, ridding it not only of as much as can be cleared away of the damage of the latest fighting but also of all outward manifestations of the complex social and political strife in Lebanon over the past seven years. Teams of bulldozers and dump trucks suddenly became as familiar a sight in west Beirut as had the mobile rocket-launchers and jeeps mounted with heavy machine-guns only a month ago. Clean-up crews were working with what seemed to be unprecedented efficiency to clear away rubble, barricades and the remains of ruined buildings and much of the equipment bore the logo of OGER-Liban. This is the contracting company owned by Lebanese businessman Rafiq Hariri, who has undertaken at his own expense to clear away the devastation in and around the cities of Tyre, Sidon and Beirut.

The Lebanese authorities meanwhile sent out the Army to clear mines from the streets and also to tear down all the stalls and ramshackle shops that were put up illegally in various parts of the city after the burning and looting of the old downtown *souk* during the civil war. In a word, Beirut was being cleansed to greet the new President when he took office on

September 23 and the Lebanese authorities were moving quickly to present him with a clean slate.

But even as Beirut's boutiques, restaurants, banks, travel agencies and other business rebounded back to life and traffic surged again in streets that only recently were desolate and deserted, a question remained unanswered that is paramount for Lebanon's future: when and how will Beirut's International Airport be able to resume operations? Activity at the airport has always been an important barometer of the country's prosperity.

But attempting to answer this question brings one face to face with the single most important fact in Lebanon today: half of the country, including the airport, is under the military, economic and political occupation of Israel. It is something that all too many Lebanese were happy to overlook in order to focus their attention on reconstruction, renewal and rebirth as well as big bundles of foreign aid. In Beirut, the emphasis was clearly on getting the city back to where it was before the civil war in 1975. Beirut's Mayor Shafiq Sardouk commented recently that the process of turning the clock back seven years might constitute progress in a country like Lebanon. He estimated it would take only six months.

But as news that the President-elect was dead became known during the early morning of September 15, few Beirutis could continue to ignore the Israelis. The city was awakened to the tragic news by the roar of Israeli jet fighters, which launched more than 20 mock air strikes over the capital as a stark reminder of Israel's omnipresence. Meanwhile, Israeli troops advanced into the port area and into the Fakhani quarter, formerly the heart of PLO operations in the city.

The inability of the Lebanese authorities to get the Israelis to leave the airport has meant all along, however, that any euphoria about an end to Lebanon's tribulations and the beginning of a new era is premature. Damage to the airport was minimal, according to official sources, and enough repair work has already been done to enable the resumption of flights to and from the city at a reduced level; it is estimated that three to six months would be needed before the airport could operate as it did before the invasion, if and when the Israelis move out. But Israel's conditions for allowing the airport to reopen probably mean that for some time the Lebanese will be able to do little there but sweep up broken glass, repair windows and dream of the days before 1975.

Israeli demands include landing rights for Israel's El Al airline, one runway reserved for Israeli military use, an Israeli presence in the control tower and a role in airport security, including the right to inspect passenger lists and freight manifests. President-elect

Gemayel's most-publicised goal was to assert Lebanese sovereignty over "all of Lebanon's 10,452 square kilometres" and this presumably included the six or so square kilometres of the airport. Now, however, a leaderless country means that fulfilling the conditions being imposed by Israel would be impossible short of turning over the entire country to Israeli rule.

These and other Israeli demands such as a peace treaty before Israeli forces are withdrawn were clustered like Furies around the new régime here even before it could enter office. In the meantime, Israel has remained in a position to reap substantial profits both through the continued closure of the airport and because the Lebanese state is incapable of reasserting itself economically as well as politically in the Israeli-occupied areas further to the south. The El Al office which opened two months ago in Sidon is now reported to be doing brisk business arranging travel to and from Lebanon through Tel Aviv's Ben Gurion Airport and has arranged bus services between the airport and Sidon. As for Lebanon's own airlines, Middle East Airlines is losing LL 1.5 million (\$300,000) every day Beirut airport remains shuttered and Trans-Mediterranean Airways, Lebanon's freight carrier, has indicated it will have difficulty resuming operations after October 1 because of mounting costs and substantial losses of equipment through looting. In these and other areas of Israeli economic penetration of Lebanon, notably through exports of farm produce, consumer goods and packaged foods, Lebanon's loss is Israel's gain.

Even before Mr Gemayel was killed, all evidence suggested that Israeli forces in the south planned to spend the winter there in their camps in and around the major towns and Israeli Chief of Staff Rafael Eitan has since said they were preparing for a long sojourn in Lebanon. Mr Gemayel's assassination makes it a foregone conclusion that they will. And there are daily reports of Israelis arresting Lebanese and Palestinians for interrogation, of Israeli searches and raids on suspect houses in which trigger-happy soldiers shoot first and ask questions later. There are also reports of people who disappear for unaccountable reasons. Because of restrictions on movements by both the local and foreign press in the south, such reports are likely to be only the tip of the proverbial iceberg.

A report in the left-wing Beirut daily *As-Safir* last week spoke of 100 families of the village of Al-Khiam being driven from their homes because they did not have identity cards issued by the Israeli-backed militia led by Maj Saad Haddad. A recent report from a field officer of the British Oxfam relief agency warns of Israeli complacency, if not complicity, over the rising

incidence of violations of human rights by right-wing militias, including Maj Haddad's men.

While violence, kidnapping, arbitrary detention and house searches are in some respects nothing new in southern Lebanon, Israeli forces have shown very little interest either in bolstering the authority of the Lebanese state in the area under their occupation or in providing for law and order and the security of civilians, as international law obliges an occupying force to do.

If conditions are bad for many Lebanese in the south, they are much worse for Palestinian civilians. They face an uncertain future in the largely devastated camps where they are forbidden by the Israelis to repair the crumbling walls or roofs of what were once their homes — if they have even that. They depend for survival on poorly organised and limited handouts from UNWRA and await the rapidly approaching rainy season without tents, adequate water supplies or sanitation. Israel has remained at least utterly indifferent to the plight of these persons and the Lebanese authorities are overwhelmed by the problems of their own displaced persons, destruction of essential infrastructure and now with the overriding problem of a leadership vacuum.

CSO: 4400/3

BANKING SECRECY LAW FACES AMERICAN PRESSURES

Paris AN-NAHAR ARAB REPORT & MEMO in English No 30, 13 Sep 82 pp 4-5

[Text]

Lebanon's banks, which have survived Israeli attempts to breach tight secrecy laws thanks to some help from President Reagan, could now face growing pressure to reveal their clients' deals. And this time, ironically, the pressure will come from the US as the result of a memorandum of understanding signed at the beginning of this month by the Swiss Bankers Association and the US Security and Exchange Commission on alleged insider trading. The SEC makes no secret of its intention to use the memorandum of understanding as a lever to break down bank secrecy laws in other countries.

The accord with Switzerland was described as "precedent-setting, particularly as a model for similar agreements with other countries" in a statement issued by the SEC in New York. John Fedders, the head of the American agency's enforcement division, said the memorandum would be "extremely beneficial" to investigators from the SEC trying to track down traders who use inside information to make illegal profits on mergers, take-overs and acquisitions of companies whose shares are listed on American stock exchanges. There were charges of insider deals during a take-over bid for the St Joe Minerals Co last year and following the acquisition by Kuwait of Santa Fé International, an Arab businessman was named as an alleged inside trader after the SEC heard complaints that there had been unusual dealings in options on Santa Fé stock just before the purchase offer was made public.

Insider trading is illegal in the US but not in Switzerland and is therefore not covered by a 1977 treaty between the two countries which lifts secrecy on banking operations in Switzerland if activities that are unlawful in both countries are involved. To avoid breaking Swiss laws, the memorandum will remain in force as a voluntary agreement until a law being drafted by the Swiss government comes into being. Under the terms of the memorandum, the US

Department of Justice will communicate with the Swiss Federal Office for Police Matters which will then pass on the complaint to a commission of enquiry made up of three members of the Swiss Bankers Association. Information will then be forwarded to the concerned bank. The bank will freeze the accounts of an alleged insider up to the amount of the profit from the deal and inform the client, giving him an opportunity to reply to the complaint. The bank will also provide the investigating commission with a detailed report of the transaction.

There should be no doubt that Lebanese bankers will defend the secrecy of their clients' accounts because the law gives them no option on this score. Indeed, when Israel's invading army tried in June to prise information from bankers in southern Lebanon about accounts held by Palestinian organisations and by prominent members of the PLO, a delegation of bankers sought the advice of President Elias Sarkis, a former banker, and from Bashir Gemayel, the man who is to succeed him in office and who is a lawyer. Mr Sarkis and the new President-elect turned directly to President Reagan for help. When word from the White House reached Israel, the hunt for Palestinian assets in Lebanese banks was called off.

There can equally be no doubt that Lebanon and other countries with strict laws on banking secrecy such as Liechtenstein, Panama, the Bahamas and other Caribbean islands can expect additional and unwelcome pressure from the US. American authorities have tried increasingly to assert the jurisdiction of American laws in other countries, notably in freezing Iranian assets in 1979 and more lately by imposing sanctions against French, British and Italian companies providing equipment built under licence from American firms or using American technology for the trans-Siberian gas pipeline. These actions have been challenged as being contrary to international law but that has not deterred the Americans, as the memorandum of understanding with the Swiss shows only too clearly.

CSO: 4400/3

MOROCCO

NEW ECONOMIC PHASE EXAMINED

Paris AL-DUSTUR in Arabic No 290, 11 Sep 82 pp 43-44

[Article: "Morocco on the Verge of a New Economic Phase"]

[Text] Morocco is on the verge of a new economic phase that is attributed to a new foreign investment law and to increasing financial aid from Arab oil countries.

Last July Morocco's parliament passed a new foreign investment law in the country. The new law abolished the old law that had been in effect till 1973. The new law allows foreign investors to own 100 percent of the shares in Moroccan companies, compared to the 50 percent that the previous law allowed. The new law allows foreign investors to transfer all their profits abroad, after taxes are deducted. However, the law stipulates that 5 full years are to elapse after the investment is made in Morocco before foreign investors are allowed to transfer [abroad] their original capital and anything in excess of that.

According to this law, Moroccan authorities also grant higher tax exemption rates to companies that agree to reinvest in areas outside the country's economic capital, that is Casablanca, and also outside the following principal cities: Rabat, Fes, Marrakech, (El-Jadidah) and Tangier.

The Moroccan government is hoping that the new law will double the flow of foreign capital into Morocco. During the past 5 years foreign investments have been flowing into the country at an annual rate of 100 million dollars. However, official optimism is tempered with caution. On the one hand, Moroccan officials realize that they delayed in approving these measures and that these measures would have been more effective had they been approved 10 years ago. Today, when world trade is on the decline and protective tendencies are emerging, the attractiveness of such measures to foreign capital has dwindled.

On the other hand, the Moroccan market is not a prosperous base from which investments can be launched. Like the Moroccan economy, the Moroccan market is suffering from the rise in oil prices; the decline in the prices of the principal local commodity, that is phosphates; the rise in the foreign debt; the effects of 2 years of drought, and the burdens of the ongoing Sahara war. There is no doubt that per capita income which is 700 dollars a year, does not inspire great hopes that sales in domestic markets will be expanded.

As a foreign industrial base, Morocco appears to be relatively absent from a large number of markets. At the present time, the textile, clothing and leather industries are being developed. However, these industries are fully controlled by local firms, and these firms are facing growing difficulties as a result of the customs restrictions that are imposed by the countries of the European Common Market.

Despite these unfavorable factors, the list of European and American companies that opened branches in Morocco include well-known names. The list of American companies includes Coca-Cola, Babcock and Wilcox, Colgate, Goodyear, I.T.T., Heinz, Westinghouse, General Tire and Simmons.

The list of German companies includes Bayer, Hoechst, B.A.S.F. and a number of textile companies and food canning companies.

Japanese companies are represented by Hitachi, Mitsui, Sumitomo and Marubini.

French companies remain very active even though their ratio is gradually beginning to decline. The most important of these French companies are Peugeot, Total, Michelin, Pelfin and La Farge.

Most foreign companies welcomed the new law. However, most of them agreed that there was still a major obstacle standing in the way of investments in Morocco: the need to ensure the agreement of a number of official administrations about the investment permit. Although the new law specifies a period of 30 days for approving any investment application submitted by a foreign investor, mystery still surrounds the final authority whose approval must be obtained in each case.

The new law gives the Ministry of Trade and Industry the authority to grant investment permits. The new law also gives another number of ministries that authority, according to the sector in which investment is being sought. In addition, the following official administrations also have that authority: the Currency Office, the Bank of Morocco and sometimes the Office of Economic Development. A number of foreign companies have expressed the hope that Morocco adopt a law similar to the Tunisian law where the Agency for the Development of Investments has full authority for making those decisions. This would cut down on administrative paperwork and loss of time.

Arab Aid

On another level Arab oil countries doubled their financial aid and loans to Morocco. In this past year financial aid and loans amounted to 5.25 billion Moroccan dirhams, that is, 850 million dollars. It is worth noting that the total figure for this aid is more than the officially declared figures since it is the Kingdom of Saudi Arabia that directly pays the cost of a number of arms deals which Morocco makes with western countries.

Despite efforts to encourage foreign investments and despite Arab aid, the deficit in Morocco's balance of trade rose from 5.1 billion dirhams in 1980 to 7.7 billion dirhams in 1981. During the same period Moroccan exports rose 25 percent. However, that was not enough to make up for a 54.6 percent increase in the amount of money due for imported oil and a 62.8 percent increase in the cost of imported foods because of the severe drought of 1979 and 1981. The kingdom's financial

difficulties were increased by the decline in phosphate prices worldwide. Phosphates provide Morocco with its principal source of foreign currency revenues.

The value of Morocco's phosphates exports rose from 3 billion dirhams to 3.8 billion, despite the decline in the volume of these exports. In 1982, however, the median price of a ton of phosphates fell from 48 to 40 dollars. It is known that Morocco exports half the phosphates it extracts to countries of the European Common Market with whom Morocco does 65 percent of its foreign trade.

The only sector that scored progress in exports was the food sector. Food exports rose 27 percent to constitute one fourth of Morocco's total exports. Fish exports also rose considerably. It is hoped that existing plans to modernize this sector will continue in 1982.

The principal factor applying pressure on Morocco's balance of trade is still the cost of paying back Morocco's foreign debts which were made in the seventies. Last year 2.9 billion dirhams were paid from the principal of these debts, compared with 2 billion in 1980. This figure is likely to rise if phosphate prices continue to fall.

On the positive side the new rainfall after 2 years of drought will sharply reduce the food that Morocco will import this year. It will also strengthen possibilities for increasing exports of fruits and vegetables to new markets in Saudi Arabia and the Gulf.

On the other hand, Morocco's economy is still suffering from a number of factors that are not helpful. The most prominent of these is the high U.S. interest rate, which has increased the burden of foreign loans; the war in the western Sahara, which is in its 7th year; and defense expenditures which are increasing instead of decreasing.

In the south of the country, Westinghouse and Northrop, two U.S. corporations, are building an air radar system and a land reconnaissance system whose costs have exceeded what Moroccan authorities have anticipated by one third. At the same time Morocco continues to modernize the airplanes of its air force and to furnish its old airplanes with electronic equipment to protect them from the SAM-6 missiles that Polisario rebels have begun using. Authorized ministries continue their efforts on public works projects to avoid a rise in the rate of unemployment in the country.

Nevertheless, Morocco's economic sectors remain vast and varied. At a time when efforts are being made to diversify foreign investments in Morocco's market and develop some growing sectors in the country, such as the fishing sector, the next few years will not be easy ones. However, western economic circles think that there is more than one piece of evidence to indicate that Moroccan authorities have recently begun facing their economic problems in a more effective manner than they did before.

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CSO: 4504/1

SIDF'S ROLE IN INDUSTRIAL DEVELOPMENT

London ARAB BANKING & FINANCE in English No 2, Jul 82 pp 20, 24

[Text]

Riyadh-based Saudi Industrial Development Fund (SIDF) is an entrepreneur's dream. It makes interest-free loans for up to 15 years and its only charges are a front-end fee of 2½% of project cost and an hourly charge for any further work on a customer's loan. SIDF deputy director-general Saleh al-Naim told ABF that the cost of a loan to a borrower was 1-2% — well below the Saudi inflation rate.

SIDF was set up in 1973 to finance private-sector industrial ventures. Its financial year is the same as the Saudi government's. SIDF's figures for the 1981 financial year, which ended in the third week of April, are about the same as last year with some SR 1,300 million (\$380 million) of loans to the industrial sector and about SR 5,000 million (\$1,450 million) to electricity companies. At present, SIDF's capital is SR 8,000 million (\$2,330 million).

The largest industrial project financed by SIDF in 1981 was the relocation and extension of a new cement plant at Rabigh, between Yanbu and Jeddah. Loans for cement works continued to take the main share of SIDF's industrial project lending. The pipe manufacturing sector, both steel and plastic, was the second most important category in terms of volume of credits granted, followed by the consumer goods manufacturing sector. Loans were made for the construction, running and extension of beverage plants, primarily producing milk or fruit juices, and for chemicals and plastics manufacturing projects. Smaller allocations were made to engineering, printing and book manufacturing concerns.

The fund involves commercial banks in co-financing such ventures. In a typical arrangement, SIDF provides up to 50 % of funds; the rest comes about equally from sponsors taking equity stakes and banks providing short-term finance. Private equity stakes — which, according to Al-Naim, are preferred by SIDF — tend to predominate, sometimes reaching 30% of total funding. These equity stakes are cheaper for new companies than term-finance from banks.

Total fund commitments to date amount to SR 8,000 million (\$2,330 million), and the usually six-monthly and cash flow related loan repayments are recycled to expand credit further. Al-Naim says an exposure of about SR 8,000 million - 9,000 million (\$2,330 million-2,624 million) is about right for the fund's industrial lending activity.

SIDF is more in need of funds for its electricity lending, Al-Naim says. Of SR 34,000 million (\$9,910 million) allocated by the government to SIDF for this purpose, SR 30,000 million (\$8,750 million) has already been disbursed. The south and north of the country need more capacity: "We haven't reached the maturity state yet," says Al-Naim. Moreover, repayment schedules for these loans have yet to be agreed. Electricity tariffs are low and do not generate enough funds to repay loans.

The fund works closely with other government lending organisations. It liaises with Saudi Basic Industries Corporation (Sabic) to establish which projects are to be allocated to the private sector. These are often downstream ventures from large government projects, such as support industries at the new

towns of Jubail and Yanbu. At Jubail, SIDF provided funds to a new company offering technical drawing services, and to another producing sandsteel and ashalite (for stabilising sand). The fund also keeps in close touch with Real Estate Development Fund to monitor demand for building materials.

SIDF has no plans to set up regional offices. It no longer has any Chase Manhattan personnel on secondment but it still sends some management staff to New York for training by Chase and also uses the US bank's technical services.

CSO: 4400/9

COMMERCIAL BANKS: ANOTHER DECADE OF EXPANSION

London ARAB BANKING & FINANCE in English No 2, Jul 82 p 24

[Article by John Presley]

[Text]

BANKS operating in the kingdom have had to play a stop-gap role at times during the past decade. Much of the finance needed for development has been channelled through semi-government organisations. Banks have been left to identify the spaces left by such organisations as Saudi Industrial Development Fund (SIDF), Public Investment Fund (PIF), Saudi Arabian Agricultural Bank (SAAB) and Real Estate Development Fund (REDF).

The major commercial banks now provide mainly short-term credits to the private sector. More than one third of bank credit finds its way into trade financing. Most of this credit is used to enable merchants to build up stocks of imported goods: debts are repaid on sale of this stock.

Despite government involvement in the financing of construction and infrastructure, commercial banks have been able to cater for particular areas of the construction sector. While REDF has provided interest-free loans for private home buyers and Credit Fund for Contractors has assisted local building firms, little government financing has been available for residential construction for expatriates living in Saudi Arabia. The spiralling rents of the mid-1970s caused rapid expansion in apartment and house building for foreign workers. The commercial banks financed this boom to such an extent that more than 20% of bank credit was going to the construction sector by 1979. More recently — as rents have stabilised, if not declined — banks have found a new market for loans for commercial and non-residential construction, again areas not directly funded by the government.

This kind of financial gap-filling is being repeated in the manufacturing sector. Although SIDF loans are generous, the fund will only offer 50% of the finance needed for fixed capital formation. This means commercial banks have provided a proportion of the

remaining fixed capital and, perhaps more important, have contributed significantly to the financing of working capital. More than 10% of bank credit is, therefore, to be found in this sector.

The banks' ability to respond to these market needs, paralleled with the massive government development programme of recent years, has resulted in the commercial banks now having claims on the private sector of more than \$35,530 million — about 20 times the level in 1965.

The pattern is unlikely to change significantly in the next 10 years. The pace of commercial banks' development must be partly dictated by the pace of economic progress. This, in turn, will depend on the government. The trend in government expenditure continues upward: budgeted expenditure for fiscal 1981/82 is SR 298,000 million (\$86,880 million) — a 22% increase from the previous year.

However, what might alter significantly is the nature of business undertaken by commercial banks. Trade financing will certainly stay central to bank lending for many years. Imports in 1980/81 were more than 32 million tonnes — about 15% up on the previous year — and were valued at SR 96,600 million (\$28,163 million). Given the government's commitment to industrial expansion, further rises are probable throughout the 1980s. The change in commercial bank activity could be brought about by the next stage of the kingdom's development.

The initial impetus of economic progress was concentrated in the construction sector — roads, hospitals, housing. With little domestic production, imports, particularly of capital equipment and machinery, were essential. The next logical step is, therefore, import substitution — reducing dependence on imports and encouraging the growth of the domestic manufacturing sector. The

incentives are already there for the private sector to take advantage of — cheap and readily available finance from the development funds, low taxes, and protection from imports through tariffs and customs duties.

If this private-sector growth does take place, commercial banks may find increased demand from manufacturing industry and a lower proportion of funds going to trade financing.

In following market needs created primarily by government activity, the banks recognise that they are not always free agents. SAMA has kept a firm hand on bank expansion. For example, it stipulates that 7% of demand deposits and 2% of savings deposits be lodged at SAMA without interest. In recent years, if a bank accepted deposits totalling more than 15 times its capital and reserves, it had to deposit 50% of the excess at SAMA, again on an interest-free basis.

These impositions have severely restricted the volume of loans that some commercial banks can undertake but, with encouragement by SAMA, the banks look set for a further 10 years of expansion.

CSO: 4400/9

STOCKS, SHARES TRADING STILL LIMITED

London ARAB BANKING & FINANCE in English No 2, Jul 82 p 34

[Text]

WITH share investment in Kuwait reaching fever pitch and investors in Bahrain and the UAE showing signs of the same enthusiasm, the Saudi authorities are cautious about giving the local share market official status.

Proposals for any formal market in the kingdom will remain with the Commerce Ministry, which is said to be "reviewing stock market arrangements." Both the Finance & Economy Ministry and SAMA have told ABF they are anxious to safeguard small investors from the evils of speculation that could follow any unsupervised market expansion.

Share trading in the 40 or so joint-stock companies with publicly held shares takes place in share dealers' offices, investors' homes, even in cafes. Share dealing tends to be a sideline: the Jeddah dealer Al-Karamah is an accountant, and Said Abdoun, also of Jeddah, is involved in real estate and property. There are an estimated 15-20 sharedealer/broker offices in Riyadh, and perhaps five or six in Jeddah. Most of the large moneychangers in both cities also deal in the more popular stocks — the banks, cement and electricity companies.

Prices of shares in these companies, and particularly the banks, are substantially above par, making rights issues as attractive to the investor as dividends. Shares in Saudi American Bank (Samba), Arab National Bank and Saudi Cairo Bank have all been investor favourites recently because rights issues are expected. Shares in the new United Saudi Commercial Bank (USCB) are tipped to become hot properties this summer.

Agriculture is a new sector in the growing list of joint-stock companies. A recent newcomer to the share market is National Agricultural Development Company (Nadec), which took over the government-sponsored Harad project near Riyadh. The new company has a capital of SR 400 million (\$117 million), of which SR 80 million (\$23.4 million) is fully paid up by the government and SR 40 million (\$11.7 million) fully paid up by institutions. The remaining SR 280 million (\$81 million) — 67 per cent of the equity — offered to the

public is 50 per cent paid up. Public subscriptions were made between 24 October and 26 November 1981. Allotment, which was managed by Riyadh Bank and Arab National Bank, was slow because the issue was three to four times oversubscribed.

In general, however, the share market has been quiet in the past few months. Local pipe manufacturer Amiantit, which was to be the first joint-stock manufacturing company, has still to make its first share issue, rumoured more than a year ago. One reason for the downturn is the attraction of other markets: high American interest rates have drawn investors into dollar instruments and Kuwaiti and Bahraini stocks have taken care of most local share interest. The Jeddah-based share and commodity dealing and broking group Saudi Research & Investment Company (SRIC) — a joint venture between Saudi Research & Marketing Company and the UK's Rowe Rudd — told ABF it has almost ceased share trading and now acts mainly as a buyer and seller for individual accounts.

SRIC's commodity broking activities have also slowed. Though there are few participants in the commodities game — SRIC, the newly-established Bandar International Trading, and the bigger banks are the only players — the Saudi authorities have been concerned not to allow a market to develop too quickly. Many investors dealing through Zurich, London and New York were caught by the slump in gold prices after January 1980 and lost money: even some dealers — such as Omar Bamaris in Riyadh — ran into trouble.

The Commerce Ministry issued a directive to commodity brokers four months ago to stop commodity business in precious metals. For the present, only "physical" precious metals business is permitted. With dealings in "softs," particularly cocoa and sugar, this comprises most of the commodity market in Saudi Arabia.

Commodity dealing and speculation in anything other than physical commodities is unlikely to expand much in the foreseeable future. In contrast, the share market should pick up considerably with the fall in international interest rates.

IDB EXPANDING

London ARAB BANKING & FINANCE in English No 2, Jul 82 pp 78, 82

[Text]

The recent increase in the subscribed capital of Jeddah-based Islamic Development Bank (IDB) to \$2,000 million — just \$200 million short of its authorised capital of \$2,200 million — should alleviate apprehensions at the bank that its operations might be hamstrung for lack of resources.

Before the end of the financial year ending October 1981, the bank had nearly \$2,200 million in commitments on its books and had extended nearly all its subscribed capital, which then stood at \$879 million, in long-term projects. The bank's board of directors voted at its May 1981 annual meeting in Khartoum to increase the capitalisation, the first increase since IDB began operations in 1975.

In November, the first month of the bank's current financial year, the four major shareholders — Saudi Arabia, Libya, Kuwait and the UAE — responded with the first of five contributions that have lifted the bank's capital to \$2,000 million. According to IDB president Ahmad Mohammad Ali, the rest will be paid up "in due course" despite the weak oil market that has cut deeply into the revenues of all but one of the big four backers. "These are firm commitments by member countries and I am confident these commitments will be fulfilled," Ali told ABF.

The rapid response of the four major shareholders to the bank's capital needs, despite their own development requirements and political differences, illustrates the strong support the bank has built during its seven-year history. It was founded in 1975, after the fourfold increase in oil prices, to foster "economic development and social progress in the member countries, individually and jointly in accordance with the principles

of the Shariah Islamic law." IDB has since become a centrepiece of inter-Arab economic co-operation and development. Its project funding has risen from \$15 million in 1976 to more than \$2,000 million today.

"As a result of the increase in the paid-up capital," Ali says, "the operations of the bank will be further expanded. I think, with the experience gained over the past few years, the bank will be in a better position to respond to the needs of its member countries, especially the least developed countries."

Despite the headway being made by IDB, Ali has few illusions about the size of the bank's task. Apart from Gulf and OPEC members, most of the bank's shareholder countries are experiencing severe economic problems and worsening trade balances. Higher oil costs brought on by the price rises of 1979-80, and the higher cost of imported manufactured goods from the West, coupled with lower trade and falling primary product prices, have pushed member countries like Somalia, Mauritania and Niger into unacceptable debt servicing ratios of nearly 40%. Annual per capita gross national product in Somalia is \$140; in Chad, another member, \$120.

"The problems are immense, the need is so great," Ali says. "But we have to remember that while the scope of the problem is more apparent in these countries, the problem is global in nature."

With its capital requirements secure, the bank is now seeking to strengthen its head office support and follow-up capabilities, considered to be its main weakness. "We now have the capital and we certainly have a need to meet, but our organisational strength is still our main detriment," vice-president Hamed

Meenai told ABF.

The bank has recently completed a five-year review of its operations and this was presented to the board of governors' meeting, recently held in Istanbul. Ali did not specify what its conclusions were, but did say that the legal and the operations and project departments of the bank were being expanded. IDB is also building a six-storey research and training centre alongside its present headquarters near the Khuzam Palace in south Jeddah. The centre, when completed in about a year, will house an expanded staff whose task will be not only to train new personnel but also to "investigate and create" new forms of Islamic financing.

"There is no question it will take time to build the technical capability which will meet the needs of the bank," Ali concedes. "This is because of IDB's unique position in carrying out its financing programmes in accordance with the principles of the Shariah. There is no precedent to fall back on. The bank will have to blaze new trails."

At present, the bank has five lines of long-term project financing: service fee rendered loans, equity participation; leasing operations, technical assistance programmes, and profit-sharing schemes. At the end of the last financial year about 38 per cent of this aid was disbursed in 38 loans worth \$257.5 million to 25 countries. The loans are 15 to 30-year term loans, carrying annual service charges of roughly 3% calculated on anticipated costs of assessment, follow-up and supervision.

Equity participation in 29 projects has accounted for 26% or \$181 million of the bank's aid to date. A further 11.5%, or \$78 million, went towards lines of

equity extended to 12 banks in member countries. Leasing operations consisted of 14 assets valued at \$43 million — such as oil or cargo vessels — which the bank first purchases and then leases for a small annual return.

Profit sharing is a complicated scheme and to date the bank has entered into only one project, the \$5 million Dubai Islamic Bank's Badr housing complex. A further 2.5 per cent of IDB's long-term aid went to technical assistance programmes.

Although Ali considers project financing "the bank's principal task," its funding has shifted in recent years towards relatively short-term foreign trade financing. From only \$47 million four years ago, more than two thirds — some \$1,500 million — of the bank's total commitments are now in nine to 15-month financing that entails direct sales contracts between supplier and buyer. The bank purchases the goods and then sells back to the buyer with a slight markup in the sales price over a period of time to avoid interest payments.

In the past year, the bank has expanded the funding sources for its short-term financing by creating an "investment deposit scheme" through which individual investors or Islamic institutions may make investments free of interest income. Deposits not exceeding \$1 million (more has to be negotiated) and not less than \$250,000 can be placed with the bank; they produce a 7.9-8.9% return after six months. Ali says the scheme has attracted about \$80 million since it was started in earnest last year. In the first quarter of the 1982 financial year IDB committed a further \$183 million to 18 projects. □

CSO: 4400/9

BRITISH CONTRACTORS ACTIVE IN COUNTRY'S DEFENSE MARKET

Paris AN-NAHAR ARAB REPORT & MEMO in English No 31, 20 Sep 82 p 8

[Text]

Britain's Defence Secretary John Nott was in Saudi Arabia last week to explore ways of enhancing military cooperation following the recent signing of a major contract to improve the military communications network of Saudi Arabia's 30,000—strong National Guard. According to a report from London, the \$340 million confidential contract includes ground stations for satellites, radio links, other engineering works and maintenance and training programmes. The Ministry of Defence refused to comment officially on the deal, in which several British companies and at least one US firm are said to be involved. The order is expected to take up to three years to complete. During his visit, Mr Nott met Crown Prince Abdullah, commander of the National Guard, standing in for King Fahd who was overseas.

The British minister also held talks with his counterpart, Prince Sultan Abdul Aziz, and the Saudi Arabian Chief of Staff, Mohammed Saleh al-Hammad, on bilateral relations and the situation in the Middle East. The developing relationship between the two countries in military procurement was confirmed recently by the renewal of a contract first agreed with British Aerospace in 1973, which involves a works programme, training and maintenance for the Saudi Royal Air Force. The new contract, worth about \$595 million, will run for three years.

British contractors are anxious to exploit the large and rapidly growing Saudi defence market. Saudi Arabia spent \$2,664 per head on defence in 1981, according to statistics compiled by the London-based International Institute for Strategic Studies, making it the biggest per capita defence spender in the world.

Meanwhile, another British minister, Douglas Hurd of the Foreign Office, visited Egypt and the UAE on a trade promotion mission. UAE exports to Britain, predominantly oil and oil products, amounted to \$165 million in the first five months of this year, while British exports to the UAE, mainly of machinery and manufactured goods, totalled \$410 million in the same period.

SAUDI ARABIA

BRIEFS

INCREASED TRADE WITH CANADA--Trade relations between Saudi Arabia and Canada have grown over recent years to the extent that Canada's exports to the Kingdom now constitute 25 per cent of its exports to the whole Arab world. Bilateral trade amounted to \$470 million in 1981, a figure likely to be exceeded this year. Canadian exports consist mainly of transport goods, electrical equipment, minerals, chemicals and foodstuffs. Saudi Arabia Trade Minister Suleiman Salim visited Canada last month with a view to encouraging Canadian businessmen to set up joint ventures with Saudi Arabia in a number of fields. There are already 10 jointly-owned companies operating in Saudi Arabia. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 31, 20 Sep 82 pp 8-9]

CSO: 4400/6

DISCRIMINATION AGAINST CROATIAN MUSLIMS CITED

London ARABIA in English No 13, Sep 82 p 21

[Text]

☉ The end of the Second World War in Yugoslavia witnessed the emigration of tens of thousands of Muslims who were unwilling to live under the Tito regime, which took power in 1945. Most of these refugees were Croatian Muslims from Bosnia, but some were also from Yugoslavia's Albanian minority in Kosovo.

Most fled to various countries in the Middle East, the Muslim populations of which offered a welcome refuge. Turkey, Egypt, Lebanon, Jordan and Syria all became the eventual homes of this diaspora. As many had wartime military experience, it was not surprising that many opted for a career in the army in their newly-adopted countries as well. Many served with distinction in Palestine in the 1948 war, whether in the Lebanese or Syrian army or in Transjordan's Arab Legion.

One of the smaller groups of these refugees, numbering about 7,000 according to unofficial United Nations Refugee Commission statistics, settled in Syria. At first, they enjoyed in full the religious and cultural freedom and security they had sought by emigrating and which they had felt they could no longer have in their homeland.

They were able to continue, for example, the cultural traditions of the main Croatian Muslim organisation. Gajret, which had been founded at the turn of the century in Bosnia by leading Muslim intellectuals and public figures, but had been proscribed by the new Marxist regime. A Croatian-language cultural periodical *Hrvatska Volja* (Croatian Will) also began publication in Damascus in the early 1950s. An Albanian Muslim from Kosovo, Abd al Latif Arnaut, even served as the Syrian government's adviser on relations with Yugoslavia.

The Syrian haven, however, became increasingly less secure after Hafez Assad came to power in 1970. Syrian relations with Yugoslavia improved, and in 1973 a delegation from Belgrade to Damascus signed an agreement with Syria's Baath Party leaders on "coopera-

tion and friendship between two socialist parties."

Since then, Yugoslavia has closely coordinated its foreign policy in the region with the Assad government. Soviet arms and supplies for Syria, for example, often come through Yugoslavia's port of Rijeka, as they did during last year's joint Soviet-Syrian naval and army manoeuvres.

It has also been reported that Belgrade has allowed Syrian intelligence greater freedom of action within Yugoslavia. Late in 1981, for example, Tanjug, the official Yugoslav news agency, briefly reported the blowing up of "a private car . . . near a foreign diplomatic mission." It later transpired that this was an assassination attempt on an Iraqi diplomat in Belgrade, and was seen in local diplomatic circles as connected with the Iraqi conflict with Syria.

The recent bombing of the PLO office in Belgrade was likewise attributed to Saika, the Syrian-controlled Palestinian group. The murder of a Syrian student, Hasan al Hajj, in Belgrade was also alleged to have been carried out by the Syrian secret service. His fellow students knew him as a pious Muslim who did not agree with the present regime in Syria.

In general, the Yugoslav regime has felt that it too would be threatened by a Muslim revival and has sympathised with Assad's actions in Syria against the Ikhwan, for example. The events in Hama were barely reported in Yugoslavia, though *Borba*, the official party organ, did condemn the Muslim rebels, labelling them "religious fanatics."

In return for its support, Belgrade has requested the suppression of all emigre Muslim groups and publications in Syria, as well as a crackdown on their criticism of the Yugoslav regime's policy towards its Muslim population. As a result, *Hrvatska Volja* has been shut down, and many of these refugees and their descendants have again had to flee, most of them going to Lebanon and Egypt this time.